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ABSTRACT

Hearings are presented of the Committee on Labor and Human Resources, U.S. Senate, on the impact of federal student aid reductions in Vermont and Connecticut. Statements by various college administrators, college students, citizens, and state legislators are provided. More than half the students who attend higher education institutions in Vermont receive federal aid in the form of grants and guaranteed loans, amounting to almost $50 million in the 1981 school year. It is suggested by Senator Robert T. Stafford that cuts in federal student assistance will have a severe impact on the ability of qualified Vermonters to attend schools of higher education, and that cuts have been proposed at a time when college costs are increasing faster than the general rate of inflation. According to Senator Lowell Weicker, Jr., many of the students who attend colleges and universities in Connecticut receive federal aid in the form of grants and student loans. The aid totals almost $281 million in the 1981 academic year. Comments and panel discussions are presented by presidents of colleges in Vermont and Connecticut and by other concerned officials and people affected by the proposed cuts. The president of Trinity College suggests that adoption of the Senate Appropriations Committee recommendation for the Special Educational Opportunities Program would mean a projected one-third reduction, and the changes in the guaranteed student loan program would affect 70 percent of the students enrolled half time or more. In general, the reductions that have been outlined would result in an increase of unmet needs from $2,500 in 1981 to $3,300 in 1982. In order to fund students with only $2,500 remaining need, 16 percent of current aid recipients will be unable to attend Trinity College, Vermont. An article on the costs versus benefits of competitive employment for mentally retarded persons by Ken Schneider and others is appended. (SW)

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OVERSIGHT ON IMPACT OF FEDERAL STUDENT AID REDUCTIONS

HEARINGS

BEFORE THE

SUBCOMMITTEE ON
EDUCATION, ARTS AND HUMANITIES

OF THE

COMMITTEE ON
LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

FIRST SESSION

ON

EXAMINATION ON THE IMPACT OF FEDERAL STUDENT AID REDUCTIONS ON STUDENTS, THEIR FAMILIES, AND INSTITUTIONS OF HIGHER EDUCATION

DECEMBER 7, 1981
BURLINGTON, VT.

FEBRUARY 19, 1982
STORRS, CONN.

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OVERSIGHT ON IMPACT OF FEDERAL STUDENT AID REDUCTIONS

MONDAY, DECEMBER 7, 1981

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Burlington, Vt.

The subcommittee met, pursuant to notice, at 9 a.m., at the University of Vermont, Waterman Building, Memorial Lounge, Burlington, Vt., Senator Robert T. Stafford (chairman of the subcommittee) presiding.

Present: Senator Stafford.

OPENING STATEMENT OF SENATOR STAFFORD

Senator STAFFORD. The Subcommittee on Education, Arts and Humanities will please come to order.

We are delighted to be here and it is something I should expect that is a true northern New England welcome in the form of yesterday's blizzard and it just makes me jealous of those who could go skiing yesterday and all the rest of the week. I wish I could join with them.

We are very pleased that you are all here, and we are particularly pleased that we have four panels of outstanding witnesses to help us this morning. We come to Vermont to learn firsthand the impact of the student assistance programs of the Federal Government upon Vermont students and Vermont schools.

Higher education is one of our State's major industries. More than 30,000 students are served by Vermont colleges and universities. Thousands of Vermonters are employed as teachers, administrators and support personnel at our institutions.

Even more important than the economic value of our colleges and universities is their mission: to promote an educated population. A century ago, higher education in our Nation was generally limited to a privileged few, generally those who could afford it. Mainly through the determined efforts of Senator Justin Morrill of Vermont, more than 100 years ago, the Federal Government helped to establish public land grant institutions. These schools provided access to higher education for countless American young people who otherwise were unable to afford, or indeed even to contemplate, a higher education. This University, and the thousands of Vermonters and others who have attended it, have reaped the benefits of Justin Morrill's labors and of his vision.

The basic character of Federal aid to higher education has changed a bit since the days of Justin Morrill. Today, most Federal support is in the form of student aid rather than direct aid to the institutions. Still, Justin Morrill's belief that the Federal Government bears a responsibility to provide for an educated population, as a matter of national interest, remains valid today. The Federal Government meets this responsibility through a number of programs that help qualified young Americans of limited economic means gain access to schools of higher education.

Federal financial assistance to young people gives students the opportunity to select the school that best serves their desires. More than half the students who attend colleges and universities in Vermont—I emphasize that more than half the students who attend colleges and universities in Vermont—receive Federal aid in the form of grants and guaranteed loans. That aid totals almost $50 million in this current academic year.

This Federal assistance to students—through Pell grants—named after my dear friend and colleage—Claiborne Pell of Rhode Island—supplemental education opportunity grants, college work-study funds, State student incentive grants, national direct student loans, and guaranteed student loans, represent more than 90 percent of all financial aid received by Vermont students.

Obviously, cuts in Federal student assistance will have a severe impact on the ability of qualified Vermonters to attend schools of higher education. I am concerned that these cuts have been proposed at a time when college costs are increasing faster than the general rate of inflation.

I recognize the need to reduce our overall level of Federal spending, and I have supported many budget cuts proposed by the President, even though it has often been difficult to make those cuts. I was willing to do this because it appeared to me last winter that inflation was doing many of these programs more harm than a period of austerity for a matter of a few years. But, if we fail to make an adequate investment in the education of our young people, I fear we jeopardize the very future of our Nation. We cannot—we must not—return to the days when only the wealthy could afford a college education.

Since I became chairman of the Senate Education Subcommittee at the beginning of this year, I have received a great deal of mail reminding me of the importance of Federal student aid programs to Vermont students and their parents. The general theme of those communications has been that continued Federal student aid is necessary if young men and women of low and middle income families are going to be able to have the opportunity to further their education.

I expect to hear more about that during today's hearings, and in greater detail. I know that the testimony we shall receive today will help me and my colleagues in the Congress during the task, the very difficult task that lies ahead of us.

We are very pleased to welcome the first panel to this hearing, Dr. Lattie Coor, the president of the University of Vermont; Mr. Richard Bjork, the chancellor of our Vermont State colleges; and Sister Janice Ryan, president of Trinity College; Mr. Robert Skiff, the president of Champlain College.

The Chair, as to protocol, would be in the order in which witnesses appear, and as usual, we have ducked the issue by asking the witnesses to settle that for themselves.

STATEMENTS OF RICHARD BJORK, CHANCELLOR OF VERMONT STATE COLLEGES: DR. LATTIE COOR, PRESIDENT OF THE UNIVERSITY OF VERMONT; SISTER JANICE RYAN, PRESIDENT OF TRINITY COLLEGE; AND ROBERT SKIFF, PRESIDENT OF CHAMPLAIN COLLEGE

Mr. **Bjork**. They usually set me in the place where all this starts and then select me.

Senator **Stafford**. Well, the Chair will be glad to hear you in that order, then, Dr. Bjork.

Mr. **Bjork**. Thank you, Senator.

I do appreciate the opportunity to appear and speak on behalf of the Vermont State colleges. You, I think, were expecting another witness—someone who has come before you I think in Washington from time to time on behalf of the State colleges and universities, and that is Janet Murphy, president of Lyndon State College, who has done most of the work in collecting the information and speaking on our behalf.

President Murphy unfortunately is hospitalized in Boston and so I am substituting today for the Vermont State colleges. Not as attractive, but I hope, however, I will get the information across in a useful way.

I have brought with me a one page statement about the impact of the Federal financial aid programs on the Vermont State colleges. I have distributed that to my colleagues here and to the Senator and his staff. There are some on the front chair—undoubtedly not enough to go around, but as far as they will go, you are welcome to have them.

Rather than reading what is on that report I think I would like to pick up, Senator, on a few comments that you made in your opening remarks. And you mentioned magnitude in terms of dollars and number of students and percentages of students affected by the Federal financial aid program. Generally the students of the Vermont State colleges are from the lower, somewhat middle income groups in the State. At least a very high percentage of the students come from those for whom we are trying to improve the opportunities for access.

Generally the Vermont State colleges represent open access institutions with the exception perhaps of the Vermont Technical College which in this period of concern about employment, is enjoying a special interest on the part of students who are looking for work opportunities upon graduation. But our student population, I think, is generally that population which is very much dependent on finding sources of support for their going to college, beyond their parental income and the kind of income they can produce in part time or summer employment. And you will see in our materials that nearly three-quarters of the Vermont State colleges students receive Federal financial aid, putting it somewhat above the percentage figure you have used in the opening remarks.

Probably the percentage would be higher if it were not for the fact that the student population of the Vermont State colleges is increasingly becoming a part-time student population, and that is not a phenomenon exclusive with us, but it is something that is happening rather rapidly, and this means, of course, that under current aid guidelines, not so many of those students are eligible for financial aid as if they were full time students. So we are also seeing as a result of the combination of declining aid and increasing costs, a move toward part-time enrollment which others have mentioned, and very little has really been said as to the impact of that on the characteristic of our colleges, on the opportunities for students in these generations, and those coming to have full time, often residential college experiences, something that was highly valued at one time, and in some environments, continues to be.

But the fact that the Vermont State colleges, are unfortunately, joined by my distinguished colleague on the right from the University of Vermont in that unpleasant club of the most expensive public State colleges in the United States, as are they at the university, that is not I think, the best of places to be, particularly in one of the poorer States. The impact on us and the university, I am sure, is such that the students are under tremendous pressures to find opportunities to supplement whatever income they can have from their families and from student financial aid sources. So as I said, our students increasingly have had to turn to more work which produces income as opposed to work which is represented by attending college which you said, Senator Stafford, is an investment from which the country expects to enjoy substantial benefits.

Also because the State of Vermont, in particular, has emphasized as public policy, that students or users of our services should pay a very high percentage of the costs of such services, declining student financial aid has, I think, one of the greatest impacts on your constituents than, let us say, if you were in the California environment, or the Western State environment, where the State-support of higher education is substantially different than in the Eastern, and particularly in the Vermont environment.

So in addition to looking at these figures showing how Vermont State colleges students benefit from student financial aid—and I agree as you said how we all benefit from the economic as well as the intellectual investment such aid represents to us as a system, approximately $8 million of our revenues.

Those of you who notice us in the newspaper a bit, next week is our turn. President Coor, our board meets on Friday, so you have had the limelight unfortunately recently, about $25 million budget for the Vermont State colleges, and nearly $8 million of that is represented by the Federal student financial aid program. So it is clear that the impact of that program on Vermont students and on our college system, is very substantial.

We do appreciate the opportunity to share these figures with you, and the opportunity to add a thought or two to what is happening to the costs of our education, now the highest in the Nation. What is happening to the characteristics of our student population that is rapidly becoming part time, and the student being the main source of income while studying.

It has, I think, a downside to it also, which we should take into account, and this loss of all or part, or at least part over time, of an $8 million support for the Vermont State colleges is not likely, I do not think, to be substituted for by funds from the State of Vermont. So there is not an alternative in this State, so we appreciate your work on behalf of trying to maintain the student financial aid program even though there are very important reasons that Federal spending should be cut overall.

Thank you, Senator.

Senator **Stafford**. Thank you very much, Mr. Bjork. We appreciate your statement.

It would be my intent to defer questions until the entire panel has testified, but I would ask you for my own information, could you give me off the top of your head, the total enrollments, roughly, at the three colleges?

Mr. **Bjork**. Full time equivalent is about 5,500.

Senator **Stafford**. Five thousand, five hundred for the three.

Thank you very much.

Dr. Coor, you seem to be the next in line, and we would be more than happy to hear from you.

Dr. **Coor**. Thank you, Mr. Chairman.

It is a pleasure to welcome you home, to welcome you to the campus of Justin Morrill, and I believe for the first time in the history of the U.S. Senate, to welcome this subcommittee to Vermont and to the University of Vermont. There is no more fitting moment, I believe, to take the State of Justin Morrill and the campus he served as well, and to have your committee, the most important committee in the U.S. Senate, join us here at this moment in an oversight function to see the true impact of what has had to be the most significant revolution in higher education since the Morrill Land Grant Act—the commitment of the last decade to make higher education accessible to all citizens regardless of their family income.

It is a special pleasure for all of us on this panel here today, as well, to welcome the chairman of the subcommittee home in front of the citizens of this State, who should know, as everyone in Washington knows, that Senator Stafford is the single most influential Senator in the U.S. Senate today with regard to education matters.

Senator Stafford generously noted that Claiborne Pell had chaired the committee for many years, but it should be noted that throughout those years, as ranking minority member of that committee, the current chairman served an extremely important role and continues to do so today.

As well, it is essentially good to welcome you here for this hearing as we talk about the impact of the cuts today and the proposed cuts for the future, for Senator Stafford has served as a voice of reason and restraint, seeking that careful and constructive middle ground of supporting efforts to bring the Federal budget under control without abandoning the Federal commitment to students. It is a Federal commitment, Mr. Chairman, and it must not be abandoned. That is the issue to which I wish to speak most forcibly here today.

This is an oversight hearing, and your task is to learn how these important Federal programs affect each of our campuses, and I will briefly comment on that for the University of Vermont. But this is an important moment, for I believe that this is not a budget decision but a Federal policy decision, and that the cuts already taken have started us down a course toward abandoning the Federal commitment to access for all citizens to higher education, public and private. That should be reversed.

Let me give you the magnitude for the University of Vermont. Today, students at the University of Vermont receive $17.2 million in Federal financial assistance. Seventy-seven percent of our Vermont students have support of some fashion or other, to attend their State university and 84.4 percent of our total $20 million financial aid budget is borne by the Federal Government. With the cuts enacted in the first round last summer, a significant amount of that support is in jeopardy.

Two points I would like to make in this opening comment today, Mr. Chairman. First, access to higher education has become a Federal responsibility. It is not a State and local responsibility, but over the last decade, capping a task that began with the Second World War and the GI bill, it has become a Federal responsibility, philosophically and financially. The accumulative effects of the cuts in student aid can turn the individual budget decisions into a national policy decision.

Second, turning the responsibility back to the States as part of some kind of new Federalism will result in grossly uneven consequences for students and for parents, as well as for the various States across the Nation. Your State and our State is a vivid example of how uneven those consequences will fall, for the State of Vermont and its State University have shown the importance of the role of Federal support in making this institution—and, as you will learn in testimony from others here today, the important and valuable other institutions in this State—accessible.

Vermont ranks 47th in the Nation in per capita income, yet we are second in the Nation in the tax burden we place on our citizens. More of our State residents are on this State university campus as a percentage of our total State population than on any other single university campus in the Nation. Yet, because of the realities of finances in the State, over 16.1 percent of our university budget comes from State appropriations, with the result that our Vermont students must pay $1,875, or a total mandated cost of tuition and other fees of $4,353—the highest for any State university in the Nation.

The relationship between the actual cost to the student and the extent to which the State can provide support, and has provided support, is a direct one. As a result, as I noted earlier, of the 3,400 of our Vermont residents who are studying for a baccalaureate degree at the University of Vermont, 77 percent receive some form of financial aid, and the bulk of that aid is from the Federal Government.

It is not that the State has not tried to contribute mutually. As you know and will hear further in testimony this morning from the Vermont Student Assistance Corp. $6.2 million are appropriated. That is 2.2 percent of the total State general funds that are committed to student financial aid. If not the greatest effort, it is certainly one of the greatest efforts of any State in the Nation, and yet even with that important program, the State scholarship programs account for only 5.8 percent of the aid received by students at UVM, or if you exclude the guaranteed student loan program, 13.4 percent, an important part, but one that is dwarfed by the size of the Federal commitment.

What are the consequences of the cuts to date? Here briefly, Mr. Chairman, I will give you the magnitude of the number of students on aid and the dollars of the program, and leave it to you and others to probe, if you would like further information on the nature of these.

Two thousand, three hundred UVM students are on the college work study program in the current year, at $1.556 million. One thousand, six hundred and fifty UVM students participate in the national direct student loan program, for $1.17 million. One hundred students are supported by the nursing health professions loan program for $44,000. One thousand seven hundred students are supported by the supplemental educational opportunity grant program, the SEOG program, at $1.3 million; 1,900 students receive support under the Pell grant program, for a total or $1.8 million.

And for the guaranteed student loan program we have today 5,100 students receiving support, for a total of $11.5 million; 2,600 of those students, Mr. Chairman, have applied for and received that aid without determined need. Whether they will all be ineligible under the new aid cap, we do not know, because they have participated prior to this fiscal year, but those 2,600 students today are receiving $8.5 million in guaranteed student loan aid. Of those students receiving other aid, with a determined need, there are 2,500 receiving student guaranteed loans for a total of $5 million.

Senator STAFFORD. Mr. President, if I could interrupt, I think you said $11.5 million.

Dr. COOR. Excuse me—$11.5 million.

Thank you, and we have trouble with all those zeros you folks have in Washington.

Senator STAFFORD. We have even more trouble in Washington.

Dr. COOR. Thank you for catching that, Mr. Chairman.

In conclusion, Mr. Chairman, may I urge you to listen carefully today to the students and the parents who will come before you. We can give you the basic case, and we believe these facts are important to dwell upon, but what we know is that in the current year for the first time in over a decade, Vermonters attending their State university have an unmet need of $380. Next year that unmet need will go to over $1,000.

Our simple plea to you based on the oversight of the moment, is cut no more. We have taken our share of the effort to balance the Federal budget, but to go further will seriously jeopardize the tenets of access and choice for students in American higher education.

Thank you.

Senator STAFFORD. Thank you very much, Dr. Coor.

The next witness to welcome to the panel this morning, would be Sister Ryan of Trinity College.

Sister RYAN. Thank you very much, Senator.

We have had a challenge from a banker, our illustrious Hilton Wick has challenged the presidents to confine their remarks to 5 minutes. I do not want to lose that challenge, and therefore I would simply say one large amen to the points of access and balance which were stressed by President Coor as a representative of the association of the independent colleges, and I certainly feel, as well as representing the Vermont Higher Education Council.

By way of introduction, for purposes of the record, Trinity College, which is located in Burlington, and chartered by the Vermont Legislature in 1925, has always served a preponderance of Vermont students and in the past several years has enrolled over 50 percent Vermonters in its student body.

For purposes of this morning we thought it would be helpful for you, Senator, to use our particular college as a case study in the context of the remarks you made, and as a commentary to the remarks of Chancellor Bjork and President Coor. I represent 486 students at Trinity College, currently receiving financial aid, 326 of whom are Vermonters. It is this financial aid that has, in fact, made it possible for them to attend an independent college. We have found that the financial aid program has worked extremely well at Trinity.

Similar to the university and to the State colleges, over 75 percent of the students at Trinity are current financial aid recipients. In particular, over 50 percent of these students are Pell grant recipients.

I would like to stress that it has been the balance of loan grants and work experience that has made our financial aid program so successful. The college audit at Trinity indicates that the financial aid program represented almost 25 percent of our total institutional budget in the past year, and based on present statistics, 30 percent in the current year.

I have put on a chart—and it is also in the testimony in front of you—the point that I think probably is most helpful when you look at average costs for the past 3 years of our institution; books, travel, and so forth, and project that into 1982, 1983 and look at the Federal program funding, the guaranteed student loan, and ask the question, What will the unmet need level be? You will see from 1979 and 1980 when that was $650 to $750, that we project for our next year, 1982, 1983, that it will be not less than $3,300, and I believe the seriousness of that speaks for itself.

Senator **Stafford**. Could I interrupt here just long enough to ask this question? What inflationary rate were you projecting as a basis for those figures?

Sister **Ryan**. By that you mean tuition, Senator?

Senator **Stafford**. Yes.

Sister **Ryan**. For example, in the year that we are in, our tuition was a 12-percent increase, and it is likely to be within that margin for the coming year.

Senator **Stafford**. Thank you.

Sister **Ryan**. There are two comments that may be helpful as we look to the future. The Pell grant recipients, based on the current atmosphere that seems to prevail, would decrease from the current 50 percent to less than 25 percent, and in total moneys at our institution that is $100,000.

If the Senate Appropriations Committee recommendation for SEOG is adopted, it means a one-third reduction is projected, and the changes in the guaranteed student loan program will affect 70 percent of the students enrolled half time or more. In general, the reductions that have been outlined would result in an increase of unmet needs from $2,500 in the current year to $3,300 in the next year. In order to fund students with only $2,500 remaining need, it means that 16 percent of our current aid recipients will be unable to attend this college.

I feel, Senator, that this particular case study not only is similar to other colleges in Vermont, but from the independent sector who also represent the Nation. We have many similarities to Trinity.

We appreciate this opportunity of your taking the time to allow your own State, and therefore I view us on behalf of the Nation as well, to come to Vermont.

Thank you.

[The prepared statement of Sister Ryan follows:]

OVERSIGHT HEARING

on

FEDERAL FINANCIAL AID PROGRAMS AND THEIR IMPACT ON VERMONT

December 7, 1981

submitted by

Janice E. Ryan, RSM

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By way of introduction, Trinity College, located in Burlington, chartered by the Vermont Legislature in 1925, has always served a preponderance of Vermont students. In the past several years Trinity has enrolled over 50% Vermonters.

I represent 486 students at Trinity College who are currently receiving financial aid. Of this number, 326 are Vermonters. It is this financial aid that has made it possible for these students to attend Trinity.

The federal financial aid programs have worked well at Trinity.

1. Over 75% of the students at Trinity are current financial aid recipients. In particular

   *over 50% of Trinity students are Pell Grant recipients.

   *the campus-based programs provide a very helpful balance of loan (NDSL), grant (SEOG) and work experience (CWSP).

   *the 1980-81 college audit indicates that federal financial aid programs represented 24.7% of the total institutional operating budget. The current percentage is close to 30%. This increase reflects the increased participation in the GSL program.

2. The chart illustrates the past three years of federal funding, college costs, enrollment and unmet need at Trinity.

	Average Costs	Federal Program Funding BEOG+(NDSL, SEOG, CWS)	GSL Program	Unmet Need Level
79-80	$5,275.	$425,739.	$427,716.	$650-$750.
80-81	$6,070.	$424,971.	$674,413.	$1475-$1500.
81-82	$6,825.	$420,590.	$856,786.	$2450-$2500.
82-83 projection	$7,575.	$128,931. Pell $ 40,000. NDSL $ 90,461. CWS $ 54,711. SEOG $314,105. (25.3% decrease)	$950,000.	$3300-$3350.*

*If Trinity's enrollment increases at the 10% projection, the unmet need level will be $3725.-$3750.

The future of financial aid is in serious jeopardy. If the current atmosphere continues, we will experience the following:

*a delay in aid processing will occur unless immediate action is taken to allow the continued use of Uniform Methodology for determining campus-based program eligibility.

*Pell grant recipients will decrease from the current 50% to less than 25% -- in total monies available this decrease would represent close to $100,000.

*if the Senate Appropriations Committee recommendation for SEOG funding is adopted, a one-third reduction in SEOG funding is projected.

*changes in the GSL program will effect 70% of the students enrolled half time or more.

In general, the reductions that have been outlined would result in an increase of unmet need from $2,500. to $3,300. In order to fund students with only $2,500. remaining need, 16% of our current aid recipients will be unable to attend Trinity College.

Senator STAFFORD. Thank you very much, Sister Ryan.

The final witness on this panel will be Dr. Skiff of Champlain College.

Dr. SKIFF. Thank you, Senator Stafford.

I would like to echo the feelings of this panel in expressing to you our pleasure at having someone from Vermont in the Senate who is in a position of leadership, who has exercised that leadership, and who has a very real understanding of the issues of the impact of financial aid on higher education and on Vermont in particular.

If I could just say a couple of brief words to put Champlain College in perspective for you. Champlain College is a junior college. We have nearly 1,500 students, 1,100 full time undergraduate students, 83 percent of these students are Vermonters.

We have here, Senator, a triple edge sword. We all have been facing the impact of increased cost reflecting the state of the economy. We have all, as President Coor mentioned, been able to, but not necessarily willingly, participate in some reductions. But now we are faced, as you so clearly pointed out, with the question of access.

At Champlain College, 785 of the students at our institution are on financial aid. The impact of the cuts on Champlain College students will be dramatic. For Pell grants at Champlain College we have 513 recipients in this current year. Supplemental educational opportunity grants in this current year, 469. NDSL, 235. College work study, 319; and guaranteed student loan recipients, 784.

Vermonters and Vermont students are willing to work and to borrow, as is evidenced from these figures, to attend and receive a degree at a higher education institution. The impact of the basic—the Pell grants on our students basically deals with the question of the eligibility restrictions. To date, as I said, 396 students have received assistance at Champlain College.

If the proposed cutback were, in effect, this current year 142 students, or 36 percent of those students would have been cut from that program. Since, for many students Pell grants are their largest and often only source of grant assistance, they would no longer be eligible, and that would have, of course, a significant impact on their decision to attend college.

The average BEOG or Pell grant awarded this year at Champlain College is nearly $1,000. This represents a potential loss of income to student financial aid, to students of over $140,000. In the area of SEOG, the Senate's recommendation would also have a significant impact. With this particular program, in part in jeopardy, the State of Vermont would lose up to 30 percent of its appropriation for Champlain College and its students. We are talking in excess of $65,000 in aid.

And if the Senate or Congress is to make additional cuts in the guaranteed student loan program over and above those cuts that recently went into effect, particularly in the area of the origination fee and require all students to show need, the first problem—and let me chronicle this as clearly as I can—is that students—a large percentage of our students—who currently find it necessary to borrow against parental contributions simply because parents cannot afford at that given time to appropriate the resources, would have an unmet need which would be $250 above what they were eligible to borrow. Quite candidly, I do not know where students would come up with those dollars.

If the Federal cuts that are being discussed were to go into effect, the impact on the aid program at Champlain College, which is in excess of 50 percent of our overall budget, would amount to a sum in excess of $800,000 in aid that would be lost to our students alone. For Vermonters that would be aid in excess of $650,000.

The real question at this point is not whether our students, as I said, are resourceful. Vermonters are resourceful. Vermonters are willing to sacrifice to send their children to higher education, but they have to have access to the resources to send them to those institutions.

As you mentioned today, there is very definitely a need and I was reminded as I was coming in, of Robert Frost, who talked about those two roads diverging in the woods. Senator, we are looking to you to keep that road that is less traveled, clear for us, and we feel, and I would quote what President Coor said, that we simply cannot handle any more cuts in the Federal spending program.

Thank you.

Senator STAFFORD. Thank you very much, President Skiff. The Chair is very grateful to all of you for your testimony here this morning, and I think I should say frankly shares your views. I think we have cut as far as we can go in the educational programs of this country, but notwithstanding my personal view, and the fact that I will resist further cuts, we are quite liable to experience a further 4-percent cut in the continuing resolution which may pass the Congress this coming weekend.

Beyond that, it is possible that there will be further cutting recommended next winter, but we will deal with that when we have to, but a 4-percent cut looks rather likely to me. Of course, the depth of it depends on the figures that are used, is the basis for cutting. If they are the figures that were used in the continuing resolution, that would not make it—it will not represent an enormous additional cut in programs, but in some of them even 4 percent will be very difficult.

Let me ask you a few questions. I would like to start with this one. One of the suggestions of the administration may well be to consolidate the campus based student aid programs, specifically SEOG, college work study and the national direct student loans, into a single block grant to schools in order to provide campuses with more "flexibility" in your delivery of student aid.

Would you give the subcommittee the benefit of your preliminary views on such a change, President Coor?

Dr. COOR. Senator, I would oppose the proposal, though the details have yet not been made fully available, so there may be aspects of the programs that we have not yet been able to see. I would oppose it for two reasons. The architecture of the current combination of programs has been as carefully devised and tested year in and year out as any set of Federal programs I know, so that they are carefully financed one against one another, with Pell grants and SEOG grants providing balance in certain ways, with grants and loans providing balance in others, and with a capacity to trace individuals by providing some support to them, and institutions by trying to support their own profile.

I cannot envision, unless there is greater ingenuity built into this proposal than we have been able to see thus far, and I do acknowledge full details I have not yet seen, being able to replace the care and ingenuity of the current carefully balanced program. In the development of the program, all sectors of higher education, independent and public, throughout the Nation, have helped fashion it so that it is not just a theoretical balance. It has turned out to be an operational balance.

Second, I cannot imagine a formula that would recognize the particular nature of a State like Vermont where you cannot look at our total population as a basis for determining aid to Vermont institutions, for we are a major importer of students, in the independent sector and in the public sector, nor can you use simply the population determinant of those going on to college. Tracing students and putting it in a campus-based formula would forever, it seems to me, make it imprecise with regard to the particular combination of students from in and out of State and from a variety of backgrounds that go to make up the very rich fabric that we have in institutions presently.

Senator **Stafford**. Thank you, Dr. Coor.

Mr. **Bjork**. Senator, just amen. In addition, however, I think most of us who have spent years probably doing more criticizing of Federal administration of many of its programs than anything else. I think in the process of that criticism of student financial aid, and that working together as President Coor works with many groups interested in higher education, that process has led to a situation where student financial aid in our judgment, as administered through the Federal Government, basically in the current form, has served well and continues to serve well, and I agree with President Coor that I do not see compelling reasons to change that even though the general proposition of more flexibility at the local level sounds attractive.

I found, as did President Coor, it is very difficult to imagine the formula, the flexibility of funding that would be utilized. So I suppose that old homily that people remind me of many times when we want to change policies in the system, about—if things ain't broke, don't fix them—kind of thing probably applies in this instance.

Senator **Stafford**. Thank you, Mr. Bjork. Is there further comment on this question?

Mr. **Skiff**. Nothing but concurrence.

Sister **Ryan**. This is an instance where we appreciate the potential flexibility and say, no thank you, Senator.

Dr. **Coor**. Senator, I made just one other observation. I hope there is not a bit of mischief in the proposal. We have seen nine block grant programs created in other sectors of society, and sent home to the States with 75 percent of the previous aggregate funding. One must ask what dollars are being proposed when a concept like this is being discussed.

Senator **Stafford**. I think that is a very good question. We certainly are going to ask that, and we hope that the answers we get from Mr. Stockman will be the true ones in the first instance.

Let me put this question to you, which is really an outgrowth of the observations I made at the end of your testimony. Federal student aid programs have undergone three major statutory changes in the past 3 years, through the Middle Income Student Assistance Act, which afforded middle income students the opportunity to participate in the Pell grants and the guaranteed student loan program, the Education Act Amendments of 1980, and the Budget Reconciliation Act of this year, the one we adopted in July.

Further changes are likely to be proposed by the administration and considered by the Congress next year. I believe every indication that those suggested changes in the student aid programs will be in the nature of cost saving proposals. I almost ought to put that in quotes. In this light, knowing that the Congress will be asked to make such changes, what, if any, changes would be made in the student aid programs, if you have any comment further here?

Mr. **Skiff**. Senator, I truly feel that we have dropped to the bottom, that there really are no cuts that I can, in good conscience, recommend to you.

Senator **Stafford**. Dr. Coor?

Dr. **Coor**. Resist, resist, resist. If in fact there have to be cuts, the concept of balance should be the watchword. Let them fall uniformly across all sectors of society, entitlement programs, defense, education, and if then there is a proportional share to be borne by the health of the Nation's economy, let our share of that fall evenly across the existing architecture of the programs we have.

Senator **Stafford**. Thank you, Dr. Coor. I guess then, you would agree with this. As a Senator, when I have observed that I could hardly believe that we should ask the educational program of this country to be cut further at a time when we are leaving, or being asked to leave foreign assistance alone, I simply could not believe it.

A third and final question. Although I recognize the difficulty of prioritizing—that is a Washington word, if I ever heard it—the need for the individual student aid programs, all of which I believe to be essential to the financing of higher education in Vermont and throughout the Nation, would you say which programs are the most important to your institution and your students, and which programs if cut, would result in the greatest dislocation in financial education on your campus, Mr. Skiff?

Mr. **Skiff**. Well, the budget we will have to use at Champlain College for awarding financial aid is tentatively set at $7,070 for resident students, assuming no cuts in the Federal or State programs. A student with a total need, a total need student will have an unmet need of approximately $2,500. This unmet need and the present GSL restrictions will meet the maximum number. You can see that if any further cuts are made, the students will not even be able to borrow enough money under Federal programs to attend.

Sister **Ryan**. Senator, I have set before you enough numbers, and I would fervently wish to be more helpful. However, the chart stands for itself, and I would have to say with President Skiff, they are about 1 year behind us. We have exactly the same, because Trinity is a little more dramatic, as evidenced by the figures, and I would have to share both watching the unemployment rate as well as a serious concern around the elite in terms of who can access the educational system, in terms of the manpower in the country, but in terms of Trinity and services, would prompt me to say I see no alternatives.

Senator **Stafford**. Thank you, Sister. Any further comments?

Dr. **Coor**. The independent relationship I mentioned earlier makes it very difficult to answer the question, Senator, for I feel further cuts of any kind would be greatly injurious. Grant programs with the Pell grant and the SEOG are just about perfectly balanced on this campus in terms of their importance, and they have a very high priority. We must be one of the few State universities where there is such a close balance given the nature of our financing. Self help programs, college work study and NDSL are, I would say, in terms of the critical nature of the program immediately next in terms of that financing, and then the guaranteed student loan. I feel none of those should be cut for they are all necessary for the balance to work, but in the impact they have on the campus, that very close approximation is the best I can do.

Mr. **Bjork**. Obviously no one wants anything cut, but trying to be helpful in responding to your question, I would put them in the order I think very similar to President Coor, in terms of Pell, college work study and guaranteed student loan. I would particularly like to speak on behalf of the college work study, because there is so much more involved in that than often is reflected by simply the dollars that are on a chart or on our table. Because an institution such as ours, the importance of college work study in our work force on the campus is very significant, and we would, I think, find that we have to seek either through cutbacks or would have to turn to the more costly forms of help, to replace the services that are provided that are important to the colleges, through college work study and then, of course, there is that longstanding argument of the, I think, general benefits to students to have the opportunity for on the job kind of work experience, but I rank that very high.

Senator **Stafford**. Thank you very much. For the committee, we are very grateful to all four of you for helping us with our difficult work we are carrying on in Washington this year, and will be again next winter, and we are particularly honored that four of our college presidents are willing to assist us in this matter.

Thank you very much.

Mr. **Bjork**. Thank you.

Dr. **Coor**. Thank you.

Sister **Ryan**. Thank you.

Mr. **Skiff**. Thank you.

[Material supplied for the record follows:]

HOUSE APPROPRIATIONS COMMITTEE
HEARING

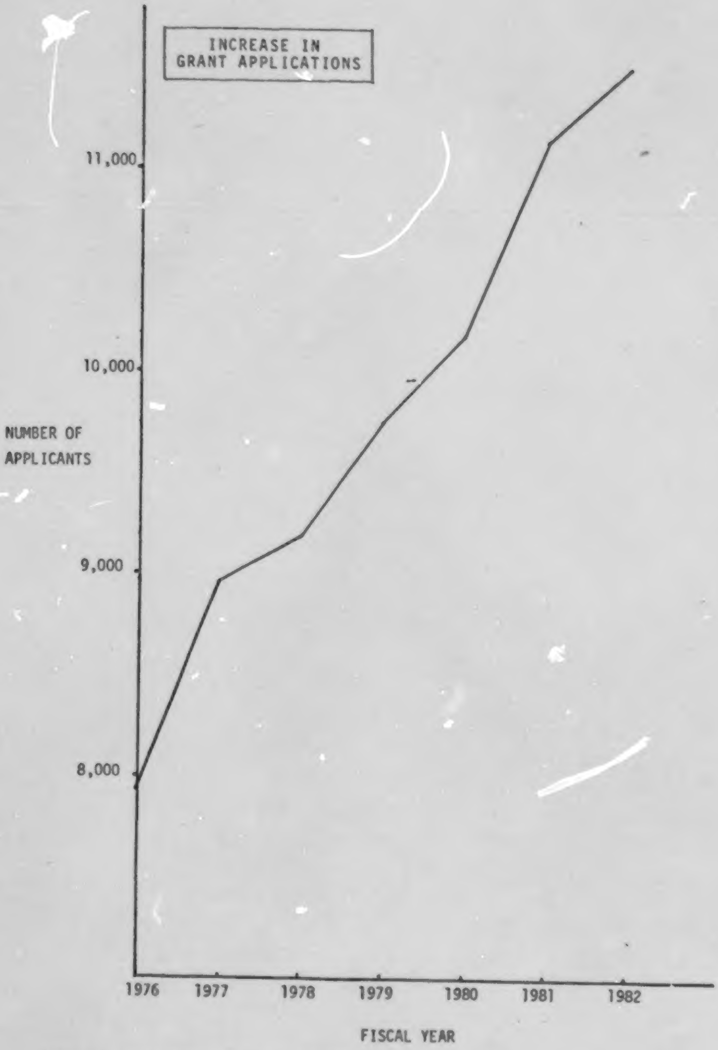
JANUARY 22, 1982

VERMONT STUDENT ASSISTANCE CORPORATION

VSAC's MAJOR AREAS OF ACTIVITY

FY 82

Incentive Grant	$ 5,700,000
Veterinary Contracts	147,000
Part-Time Grants and Other Scholarships	55,000
Pell Grant Coordination	6,200,000
New Student Loans (FY 82)	21,500,000
Loans Being Serviced by VSAC (FY 65-81)	56,500,000
Information and Outreach Services	300,000
Total	$90,402,000



SOURCE: VSAC Grant Program, Monthly Reports

STUDENT CHARGES

(Tuition, Fees, Room & Board)

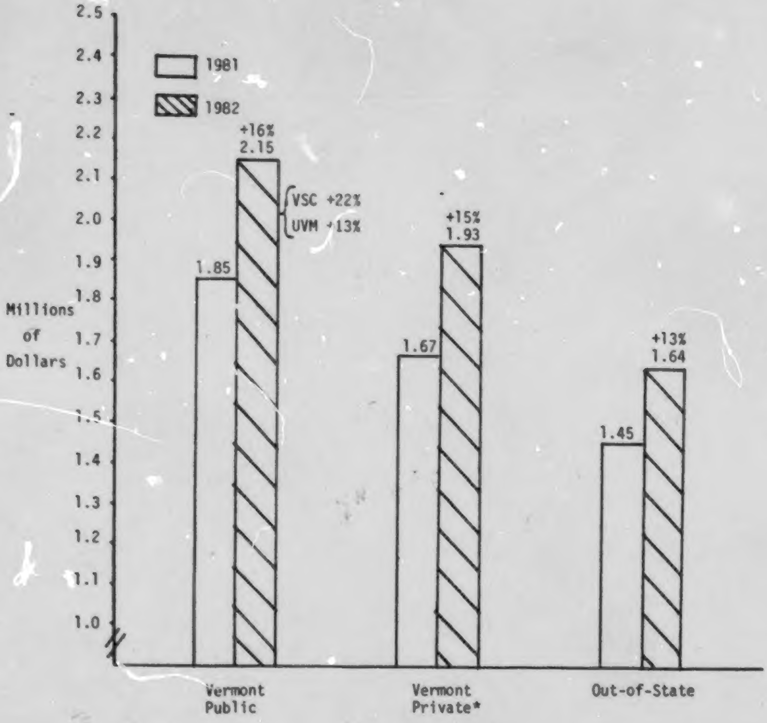
Institution	FY 82	FY 83*	$ Change
Bennington College	10,550	11,900	1,350
Middlebury College	9,300	10,500	1,200
Marlboro College	8,500	9,600	1,100
Green Mountain College	7,600	8,600	1,000
Norwich University	7,650	8,650	1,000
Vermont College	6,900	7,800	900
St. Michael's College	6,850	7,750	900
Trinity College	5,850	6,600	750
Champlain College	5,550	6,300	750
College of St. Joseph the Provider	5,400	6,100	700
UVM	4,600	5,200	600
VSC	3,850	4,350	500

* 13% increase assumed

Source: VSAC Grant Statistics, VS23

AMOUNT OF VSAC INCENTIVE GRANTS BY TYPE AND LOCATION OF INSTITUTION

FY 1981 $ 1982



* Includes tuition differential

Source: VSAC Grant Statistics, 11/29/81

AVERAGE UNMET NEED FOR UNDERGRADUATE DEPENDENT VERMONT RESIDENT STUDENTS[1] (FY 82)

Institution	Unmet Need[2]
Burlington College	$3,292
Trinity College	2,500
St. Michael's College	2,100
Bennington College	1,900
Norwich University	1,890
College of St. Joseph the Provider	1,824
Champlain College	1,800
Goddard College	1,800
Southern Vermont College	1,677
Vermont College	1,462
Marlboro College	1,450
Green Mountain College	1,000
Lyndon State College	700
Castleton State College	500
Johnson State College	500
Vermont Technical College	500
Middlebury College	473
University of Vermont	171

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[1] Full-time degree students

[2] As reported by Financial Aid Offices - 1/82
Unmet Need = Budget - VSAC, Fed. Aid, Family Contribution and other aid (Not GSL)

FUNDS NEEDED TO OFFSET EACH $100 INCREASE IN EDUCATIONAL CHARGES

Students Attending	Costs
UVM - VSC	$232,000
Vermont Private Institutions	200,000
Out-of-State	171,000
TOTAL	$603,000

ESTIMATED FEDERAL FUNDING LEVELS TO VSAC AFTER REAGAN BUDGET CUTS BY ACADEMIC YEAR

Program	1980-81	1981-82	1982-83
Educational Information Center	$ 50,000	$ 0	0
Talent Search Grant	102,330	97,926	0
Financial Aid Training Grant	4,471	0	0
State Student Incentive Grant	194,523	192,760	0
	$351,324	$290,686	0*

* Represents projected Reagan Administration requested rescission to FY 82 Congressional Continuing Resolution

FINANCIAL AID FUNDS AVAILABLE TO STUDENTS ATTENDING VERMONT COLLEGES AFTER FEDERAL BUDGET CUTS BY ACADEMIC YEAR

	1980-81	1981-82	Projected 1982-83	Projected Funding After Rescissions 1982-83
BEOG	$ 7,460,535	$ 7,094,969	$ 6,892,342	$4,233,997
SEOG	3,604,695	3,554,726	2,670,848	0
NDSL	1,692,378	1,080,593	1,043,411	0
CWSP	3,877,922	4,092,343	3,928,644	3,348,281
SSIG	194,523	192,760	184,932	0
	$16,830,053	$16,015,391	$14,720,177*	$7,582,278**
GSLP in VT	$41,243,852	$43,718,483	?	?

* Figure represents Congressional Budget Resolution through March 31, 1982.

** Figure represents funding if rescissions requested by Reagan are passed.

BEOG = Basic Educational Opportunity Grant or Pell Grant
SEOG = Supplemental Educational Opportunity Grant
NDSL = National Direct Student Loan
SSIG = State Student Incentive Grant
GSLP = Guaranteed Student Loan Program

DRAFT

During the past years a few individuals have suggested a change in the Vermont Statutes to prohibit Vermonters who wish to study at out-of-state schools from receiving a VSAC Incentive Grant. On the surface, this may appear to be a cost saving venture for Vermont, but after some investigation, such a policy change could be very costly to the Vermont taxpayer both in the area of (1) educational opportunities and (2) increased tax burdens. During the month of November, 1981 VSAC surveyed parents whose children were studying at out-of-state institutions in order to determine the major reason why Vermonters attend schools out of Vermont. Attached to this report is a representative selection of completed parents' questionnaires. Perhaps the best insight into the question of grant portability is provided by the remarks parents and students have made on these individual questionnaires. VSAC did tabulate the major courses of study students were enrolled in and has provided the results with observations in the following discussion.

EDUCATIONAL OPPORTUNITIES

During FY 82 VSAC assisted 2,444 Vermonters[1] attending 553 schools located outside Vermont which were neither built nor maintained by Vermont.

The November survey[2] of Incentive Grant recipients attending out-of-state institutions revealed:

55% were enrolled in programs not available in Vermont

22% enrolled in programs considered better than programs offered in Vermont schools;

3.0% were enrolled in programs available in Vermont but they were not admitted to the Vermont institution.

6.5% were enrolled in a type of institution not available in Vermont (women's college, religious, etc.)

13.5% enrolled in out-of-state schools for other reasons, such as family tradition, to experience living in another part of the country, sports, etc.

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[1] Awards as of October 30, 1981

[2] Major courses of study students enrolled in who were attending out-of-state institutions were coded according to the National Center for Higher Education Statistics: A Classification of Major Programs. Availability and non-availability were ascertained according to the list of major programs available in Vermont institutions as published in the Counselor's Handbook 1981 edition.

FISCAL CONCERNS

Since schools, such as the University of Vermont, Vermont Technical College and other Vermont colleges would have to absorb students who currently go out-of-state, one must ask:

(1) Can Vermont afford to meet these students' needs by putting up more dormitories and classrooms thus incurring more bonded debt.

(2) UVM and VSC will have to turn away students from out-of-state in order to be able to accommodate those Vermonters who originally wanted to attend a college outside Vermont. This will cause a significant loss of revenue which is derived from the higher tuition paid by non-resident students attending UVM or VSC. For example, each non-resident student entering Vermont State Colleges in FY82 paid $1,790 more in tuition and fees than a Vermont student at UVM whose differential was $3,190. Will this shortfall in institutional revenues have to be made up by increasing state appropriations to institutions?

(3) There are those who maintain that Vermont should not "export" $1,675,000 in Incentive Grants to other states. Again, when 2,444 Vermonters leave the state, 2,444 non-Vermonters can attend our institutions and as a result an additional $7,796,360 in revenues may be realized (number of students multiplied by the average tuition differential charged out-of-state students by UVM). This means a net gain to Vermont of $6,161,220.

In addition, the Vermont economy benefits enormously when relatives of these students visit their children, stay in Vermont motels, purchase Vermont products, take ski vacations, etc.

(4) The average cost to the taxpayer of educating a degree student at Vermont public postsecondary institutions excluding Community College of Vermont, was approximately $3,200 during FY 1981 (state appropriation divided by degree student enrollment, both undergraduate and graduate). This is approximately five times higher than the average grant going to a Vermonter studying out-of-state.

It appears that grant portability provides Vermonters with an ideal situation; we are obtaining the best educational opportunities for our residents for the least amount of taxes while we are stimulating the tourist trade.

Senator **Stafford**. The next panel will have to do particularly with the guaranteed student loan program. We are going to invite the director of the Vermont Student Assistance Corp. Ron Iverson and the chief executive of the Chittenden Trust Co., Hilton Wick, if they will take the witness table.

The Chair would ask our guests if they would please refrain from audible conversation within the room so that we can keep to our schedule and get the next panel of witnesses.

We are very happy to welcome you both here.

Once again the Chair will leave it to our distinguished witnesses to determine who goes first and who bats in the cleanout position.

STATEMENTS OF RON IVERSON, DIRECTOR OF THE VERMONT STUDENT ASSISTANCE CORP., AND HILTON WICK, CHIEF EXECUTIVE OF THE CHITTENDEN TRUST CO.

Mr. **Iverson**. Mr. Chairman, Mr. Wick and I are sincerely appreciative of the opportunity to appear before your committee today to discuss the aspects of the guaranteed student loan program and Vermont Students Assistance Corp. I will provide a 7 to 12 minute overview regarding Vermont postsecondary education, and then we would like to spend the remainder of our time addressing questions you might have and areas of mutual interest.

In addition to the opening remarks regarding higher education in Vermont, I think for members of your committee who are not present today, it should be pointed out that half of Vermont's enrollment are students from other States. I think this is probably the largest ratio in the country, and also that postsecondary education in the State of Vermont is the third largest employer of approximately 9,000 employees.

Over the past 5 years, through the Vermont Student Assistance Corp. we have been able to identify three major factors which have prompted a need for increased student financial aid in Vermont. One, you have heard, increased educational charges. Second are the increases in eligible applicants which have resulted in increased charges and increased enrollment. And a third are the effects of inflation on the parents' ability to contribute to their children's educational cost. Some specific examples of these factors can be seen on the chart I have prepared for you.

When we look at what student charges are for tuition fees, room and board—and I have not included in those figures approximately $700 or $800 for books, personal expenses, and transportation.

Senator **Stafford**. Are you assuming a 12-percent inflationary rate there each year?

Mr. **Iverson**. Fiscal 1981 and 1982 are actuals. Fiscal 1983 represents a 12-percent increase in tuition fees, room and board.

Senator **Stafford**. Thank you.

Mr. **Iverson**. The college you are familiar with, Middlebury, would be approximately $10,000 or more next year.

Senator **Stafford**. I am glad all of my children graduated some time ago.

Mr. **Iverson**. I think one of the significant aspects is that during the last 2 years the increases in charges at Middlebury College have increased by more than the $2,500 maximum that a student would be eligible to borrow from the guaranteed student loan program.

Senator STAFFORD. Excuse me. Are the UVM costs you are showing on that chart are those for an in-State student?

Mr. IVERSON. Those are for a Vermont student attending the University of Vermont.

Senator STAFFORD. They do not reflect the costs of an out-of-State student?

Mr. IVERSON. No, sir. Without the guaranteed student loan program to meet these recent increases in cost, the remaining needs of students in higher education could not have been met, and I think you would find higher education would be in a state of collapse.

To emphasize the importance of the guaranteed student loan program—let me make a comparison. This year through the guaranteed student loan program, loans guaranteed by Vermont student assistance and loans brought into Vermont by Vermonters studying in-State, we had a total of $45 million in one year.

During your term, Senator, as Governor, Vermont's general fund was approximately $25 million to $27 million. I know you were a frugal Governor. I think educational costs during the past 5 years have been primarily met through easy access to credit, and I cannot emphasize that phrase enough—easy access to credit. This is the most important ingredient of the GSL program.

I believe Congress made a commitment to the people of this country that they would have access to low interest loans when the Higher Education Act in 1965 was passed, and in subsequent years, when it was extended through the Middle Income Student Assistance Act. It was only recently that this intent was severely curtailed.

Perhaps another comparison will be of benefit to you, Mr. Chairman, in convincing your Senate colleagues of the importance of the guaranteed student loan program when they discuss cuts.

When your daughters were at Middlebury College in the middle of the sixties, tuition fees and room and board were less than $2,500. Next year it will be over $10,000. I do not know how those bills could be paid if parents did not have easy access to credit.

If I were to emphasize one point today, it would be for Congress to maintain student financial aid programs, and defeat any proposals for further cuts in student financial aid. I think Reagan-economics and student financial aid is beginning to work. If we look at one comparison, November 1981 is the first full month that we have administered a loan program under the new proposals. Our volume of loans is down 57 percent in November 1981 compared to November 1980. I do not think further cuts in guaranteed student loan program are warranted. In fact, I am told that for each 1 percent drop in the interest rate, $200 million is saved in loan interest subsidies; and if our rates continue to drop as they have in the past weeks, savings may have already occurred.

Before closing my introductory remarks, I would like to briefly mention the Federal-State student incentive grant program and programs for disadvantaged students and the BEOG (Pell grant) program. State student incentive grants, known as SSIG, is a block grant to States, and it is currently assisting over 1,000 Vermont families, and the importance of this program cannot be overemphasized as it helps meet the needs of students concept we use in Vermont and throughout the country.

I think in view of cuts in student financial aid and the changes in the eligibility, it is even more important for the small Federal appropriation for programs of disadvantaged students, talent search programs, and Upward Bound, to be maintained and encouraged.

The BEOG (Pell grant) program is an essential part to financial aid in this State. This year Vermont Student Assistance Corp. received a 17-percent increase in its funding from the State of Vermont, and we were able to increase our aid only slightly for students but overall aid was decreased because of the decreases in the Pell grant program.

Obviously, time does not permit you to hear all the individual students and parents that I am sure would like to testify before this committee. Since you are having hearings today, I wondered if it would be appropriate and helpful if these people wrote to you and your committee members, as well as to members of the administration.

Senator **Stafford**. We would be glad to hear from them, and we would be particularly glad to have the administration hear from them.

Mr. **Iverson**. I think it is not often that a Senator has the opportunity to conduct a hearing in Vermont. Many times we are able to thank you in letters for the work you have done on behalf of Vermont students. I would like to take this opportunity to tell you how much we appreciate your efforts, but even more; how appreciative we are of the results you have obtained. I sat in the halls during the conference committees and without you in that committee room I do not think that the people of the State of Vermont or the United States, would have access to the guaranteed student loan program as we have it today.

Thank you.

Senator **Stafford**. Thank you very much, Ron, for the statement and the kind words. We are very happy now to hear from Mr. Hilton Wick, who is the head of Chittenden Trust Co., but also, Hilton, I think you are the president of Middlebury College Corp., am I right on that?

Mr. **Wick**. Senator, I am chairman of the board. I am not president.

Senator **Stafford**. I wanted to make sure Middlebury got some representation.

Mr. **Wick**. I think I may be of the corporation, but certainly not of the college. I would never want to be a college president. One of the most difficult jobs I can think of.

We are pleased to have you here today, Senator, and pleased to have this opportunity to talk with you about this very important matter.

My remarks may be a little bit more optimistic than some of the foregoing speakers. Let me just say that part of the real problem we have in education today, the cost of education, and also in general, has been the high rate of inflation that we have experienced starting in 1967, and which continues today, although I am optimistic in that the moves made by the present administration have started to get inflation somewhat under control, and inflation this year will be somewhere in the rate of 9 to 9½ percent as compared with more than 11 percent in 1980, and I am optimistic to think that the rate of inflation in 1982 may be as low as an average of 6 to 7 percent. If that should be the case, the costs of universities and colleges in Vermont, and elsewhere, may not be as high as the increased tuition and room and meals projected.

I realize that college presidents and treasurers and financial officers have to be conservative in the budgets they make, and they are in the process right now of setting the charges for the school year 1982-83, and I regret to confirm, as has already been indicated, Middlebury College is talking in terms of a total fee, a comprehensive fee, of a minimum of $10,500 and a maximum of $11,000 per year starting with the 1982-83 school year. And the charge this year is $9,300. That increase is a minimum of 12.9 percent, and more than 13 percent otherwise. I am still hopeful that when the fee is set in January it will not be quite that high, but it may be.

It is interesting to sit here and listen to all of us make these remarks as I think most of us believe strongly that the Federal budget should be balanced as soon as possible, but at the same time it depends on whose ox is being gored. None of us want reductions in the guaranteed student loan program or the other Federal programs, because we sincerely believe that we need those moneys to provide the education for young people that we have been able to provide in recent years.

In my judgment, access to postsecondary education is not just the responsibility of the Federal Government, but it is also the responsibility of the State governments, and Vermont has assumed its responsibility in that regard in a real way in connection with its appropriations of moneys, and also the money it makes available to VSAC. One of the real parts of the VSAC program, as you know, is the guaranteed student loan program, and I have had the opportunity to be a director of that corporation, and have seen it work successfully.

We speak of the unmet needs of the public college students and the private college students, and actually, the unmet need which I define as the amount of money the student must borrow in order to pay his total college expenses is significantly higher among private college students than public college students.

And as indicated, we do not want that unmet need to increase, and could increase as costs go up, and as the program may be cut on a Federal level. There have been some cuts so far, but in my judgment, the cuts so far, insofar as the guaranteed student loan programs are concerned, have not caused significant detriment to young people here in Vermont. What amount of money young people should be permitted to borrow per year to go to college, I have debated with myself and with some of my colleagues. That now as you know, is $2,500 per year. Whether they should be permitted to borrow more or not, I am not certain. Probably, in view of the increased costs, the ceiling should be increased to some degree, but how much a young person leaving college or graduate school should owe and be able to pay back within a reasonable period of time, is very difficult to say, particularly if he or she should marry another young person who owes about the same amount of debt.

The experience in Vermont among the banks has been good. In the early 1970's, it was difficult to get all banks to participate in the program because of the cost of administration and the perception that young people could not pay back these loans, but today substantially all of the banks do participate, and money is available, and the experience of Vermonters in repaying these loans has been excellent. Contrary to anything you may see on the national level, on television or in the news media, otherwise, our experience here in Vermont has been excellent. At least 98½ percent pay back. A few do not pay back because of bankruptcies. A few dozen, because of death and VSAC, is pursuing a number of other persons right now, and is collecting after having taken over defaults from the bank.

In connection with the guaranteed student loan program, it is essential that the supplement continue from the Federal Government to some reasonable amount. As you know, the basic loan rate is either 7 or 9 percent, depending on when the loan is taken out, and the cost of money to Vermont banks in the last several years has been substantially in excess of 7 or 9 percent, so that the supplement that is paid has permitted the banks to continue to make student loans, and will permit them to continue making them in the future. That is one area that we hope is not cut, as if it is omitted by any chance, then the banks would be out of the program completely, as we could not stay in business long lending at 7 or 9 percent when the cost of money would probably exceed 12, 13, 14 percent.

It has been a good program for the banks, it has been a good program for the young people, it has been a good program for the colleges and universities in Vermont, as well as elsewhere. It is one Federal Government program that has worked well, but let me point out as clearly as I can that the banks are the ones that provide the money, not the Federal Government, not the State government. VSAC does guarantee the loans, and it in turn, is guaranteed by the Federal Government, but it is the banks that have provided these funds, and it has been done by the banks because they believe in giving young people the opportunity for postsecondary educations, and also they can do it on a basis that is profitable to them providing they do not get involved too much in detailed paperwork, and most of us have succeeded in avoiding a great amount of detail.

We hope that the needs test will not require that an additional great amount of paperwork, but we have no objection to it as long as the decisions as to need can be made primarily at a local or State basis based on guidelines of the Federal Government.

I have talked enough, Bob. I will be pleased to try to answer any other questions if you or the others have them.

[The following material was submitted for the record:]

STUDENT CHARGES
(Tuition, Fees, Room & Board)

Institution	FY 81	FY 82	FY 83*	Two Year Changes	
				$	%
Middlebury	7,850	9,300	10,400	2,550	32
Norwich	6,850	7,650	8,550	1,700	25
Trinity	5,150	5,850	6,550	1,400	27
Champlain	4,850	5,550	6,200	1,350	28
UVM	4,050	4,600	5,150	1,100	27
VSC	3,350	3,850	4,300	950	28

*12% increase assumed

REMAINING NEEDS OF STUDENTS

1981-82 School Year

Institution	Charges[1]	Level of Aid[2]	Remaining Need[3]
Bennington College	10,550	3,150	7,400
Middlebury College	9,300	3,150	6,150
Goddard College	9,000	3,150	5,850
Marlboro College	8,500	3,150	5,350
School for Int. Training	7,700	3,150	4,550
Green Mountain College	7,600	3,150	4,450
Norwich University	7,650	3,150	4,500
Vermont College	6,900	3,150	3,750
St. Michael's College	6,850	3,150	3,700
Trinity College	5,850	2,700	3,150
Champlain College	5,550	2,550	3,000
Vt. Coll. of Cosmetology	4,900	2,200	2,700
Southern Vermont College	5,500	2,500	3,000
Burlington College	5,700	2,600	3,100
Woodbury Associates	5,400	2,450	2,950
College of St. Joseph	5,400	2,450	2,950
O'Brien's Sch. of Cosmet.	4,600	2,050	2,550
University of Vermont	4,600	2,050	2,550
Vermont State Colleges			
CSC, JSC, LSC	3,850	1,700	2,150
VTC	4,100	1,950	2,150
Nursing Schools (Avg.)	4,000	1,850	2,150

[1] Charges include tuition, fees, room and board (books, travel and personal charges not included.)

[2] Level of Aid includes Parents contribution, BEOG, VSAC Incentive Grant, and Tuition Differential.

[3] Remaining Need is the amount the students must still raise after VSAC Grant aid, BEOG, parents' contribution, and tuition differential (if applicable) in order to meet their college expenses.

Senator **Stafford**. Thank you very much, Hilton. Let me start by asking this question. You mentioned lowered inflationary rates might lower costs of education in the future, something I implied when I mentioned inflationary rates in my earlier remarks. If interest rates also come down as they seem to be at the present time, would that not also lower some of the costs to the Federal Government of the GSL program?

Mr. **Wick**. Yes, it ought to reduce those costs significantly, and my judgment is interest rates will go down further and will stay down relatively speaking during all of 1982, but they will not go down to single digit rates probably, but maybe 12, 13, 14 percent as compared to 18, 19, 21 percent this year.

Senator **Stafford**. Thank you very much. As I mentioned to the college presidents, the Congress is likely to be asked to make further changes in the GSL program in order to restrict the growth in the Federal cost of this program which is estimated to cost $2.6 billion in the next year. While I realize that a major portion of this cost is due to the precipitous growth in interest rates over the past 3 years, some changes again may be forced upon us during the 1983 budget process. If modifications are necessary to cut costs, would either of you have any proposals as to how we might achieve them?

Mr. **Iverson**. Senator, in that respect I think I will reiterate what the first panel said, changes that were in round 1 budget cuts are just starting. Interest rates are dropping, we have seen a 57-percent decrease in borrowing during November, and I think you have to give the first round of cuts an opportunity to take effect. Further cuts in the program will be detrimental where students, will not be able to attend college without the guaranteed loans, so at this point, Senator, there cannot be further cuts in the guaranteed loan program, and as Mr. Wick pointed out, probably the best buy in Washington right now is a guaranteed student loan program, because all capital for that program, except interest subsidies, is off budget. It is coming from our private lenders in each State.

Senator **Stafford**. Do you have anything to add to that, Hilton?

Mr. **Wick**. Not really except to reiterate what you have said, except with interest rates coming down, there is a built-in reduction in expense to the Federal Government, with regard to the interest supplement, and that should be a major favorable factor in reducing the total costs of the guaranteed student loan program.

Senator **Stafford**. Let me ask a question in this way. If the payment of interest by the Federal Government on the students' behalf, the so-called in school interest subsidy should be discontinued, would Vermont banks continue to make guaranteed student loans?

Mr. **Wick**. Based on our present cost of money today, the answer would be no. Now, if we got the cost of money down to 3 or 4 percent, the answer would be yes. I guarantee that the audience thinks that that will probably not happen.

Senator **Stafford**. Another option proposed by some of the State loan agencies is the possibility of a student loan discount for those students who would opt to repay immediately upon graduation.

Would you give us the benefit of your views on this option should it be available?

Mr. **Iverson**. I think this is the proposal put forth by Ken Reehex, of Pennsylvania. I think there is an intriguing marketing concept to save money and it has potential, Senator. Early repayment would save both the borrower and the Federal Government interest. I am not totally familiar with the details. I have discussed it with people and I would definitely pursue it.

Another area where you may want to consider cost savings is in extending the repayment consolidation provision in the higher education amendment to the State guarantee agencies that operate their own secondary money market. That certainly would curb defaults. And one reason the State of Vermont has a default rate lower than the rest of the country is because we are doing our servicing and it is not being done by an outside firm, and if we could consolidate loans and service over a 25 to 20 year payment, I think you would see that repayment rate continue.

Senator **Stafford**. Thank you.

Currently students with adjusted gross family incomes above $30,000 are subject to a needs test for GSL. Do you think needs analysis for all prospective borrowers is a viable option for reducing costs in the GSL program?

Mr. **Wick**. I do not personally, as a practical matter, with the cost of education the size that it is today. Almost any young person who comes from a family, total family income of $30,000 or less, automatically passes the needs test, and to subject that student to a needs test would just be superfluous. In fact, it might be wise to increase the dollar to maybe $40,000 or $45,000 above which there would be a needs test as costs of education, they are so high that parents who may earn $30,000 to $40,000 do not have much money left over to provide for the payment of college expenses.

Senator **Stafford**. Thank you very much.

What would your position—this is directed to both of you—but on raising the loan organization fee which is charged to students now at 5 percent of the loan principal, would you recommend an increase or leave it where it is or any other position?

Mr. **Iverson**. Mr. Chairman, I think the loan, organization fee was added by Congress because of the extraordinarily high interest rates and, as those rates come down, we should take every step possible to reduce the cost to students. We are raising tuition on one end and taking away their loan proceeds on the other. So I do not see the need to continue the 5 percent fee.

Senator **Stafford**. What is the rate currently charged students as an insurance premium on their GSL and what is the purpose of this premium, and do you consider the combination of the premium and the organization fee to be an unreasonable burden for students to bear?

Mr. **Iverson**. The Vermont administrative and insurance combined is 1 percent of the loan proceeds. This fee is used to service the program to service lenders to do enrollment confirmations, to service loans during repayment, eventually to retaining a high repayment rate. It does not, I will emphasize, it does not cover the entire cost of this program. I am in favor of the 1 percent fee because it is a user fee.

Senator **Stafford**. Has the Chittenden Bank or the VSAC promoted the higher rate auxiliary loan formerly called the parent loan program? Do you intend to do so and, if you do, what could you expect to be the popularity of such a program in the State such as Vermont, where college costs are especially high and may not be able to be covered by the GSL program?

Mr. **Wick**. We have not promoted it, we do not intend to. I do not think it will be very popular. Frankly, my memory the rate was 9 percent, was it not, and then moved to 14, and our cost of money exceeds that.

Mr. **Iverson**. It does have the special allowance provision now. And prior to the changes made by you, Senator, and the committee, that program was dead. We are just now printing applications and we will be having meetings with lenders around the State.

Mr. Wick is absolutely correct, 14 percent loan with no special allowance would not have been made. With the special allowance, I think this could be a viable program. One recommendation I would make, if there are changes in the statutes, is to maybe change the 1-year requirement of Treasury bill rates dropping before the interest rate can drop on parent loans from 14 percent to 12. It may be more advantageous to provide a quarterly period and lower the rate sooner.

Senator **Stafford**. For the committee, especially the members who are not here today but will read your testimony, we are very grateful to you for your help on these important matters. And I want to pay special attention to the fact that your testimony indicates in Vermont that 98.5 percent of the borrowing students repay their loans. I think that is outstanding compared to the 7 percent default rate on a national basis. So Vermonters are still frugal and still believe in paying the debts that they owe.

Mr. **Iverson**. For the record, Senator, I will give you a breakdown of our total loans; 98.5 percent of the students are meeting their repayment obligations. Bankruptcies and write-offs account for one-tenth of 1 percent of the total student loan portfolio. Death and disability, two-tenths of 1 percent, and loans still being pursued by Vermont Student Assistance Corporation, 1.2 percent, and I think that figure will drop substantially because of the IRS skip tracing made available to us through your efforts.

Senator **Stafford**. I think the record ought to show also that nationally the situation has been improving in recent years because not long ago it was as high as a 13-percent default rate across the Nation, and I think even a 15 percent rate, so that has been cut in half nationally through the years.

Yes, I thank you very much. And I think this would be a good time for the Chair to declare a 5-minute recess before we go on with the next panelists.

[Short recess.]

Senator **Stafford**. We will ask the subcommittee to please come to order, and we are happy to be able to continue with our hearings.

The third panel is a panel of Vermont students: Mary Albee of South Burlington, Vt.; Donna Flannery of Rutland, Vt., my home town; Michael Hambly of Concord, Vt.; David Stewart of Durham, N.H. We are glad he is over here out of the cold weather over there. And why do we not take this panel in the order in which you are listed on your agenda, which means, Mary Albee, we would invite you to be first.

STATEMENTS OF MARY ALBEE OF SOUTH BURLINGTON, VT.; DONNA FLANNERY OF RUTLAND, VT.; MICHAEL HAMBLY OF CONCORD, VT.; AND DAVID STEWART OF DURHAM, N.H.

Ms. **Albee**. I am very happy to be here with you, Senator Stafford, particularly because the first time I saw you, I saw you striding alone up East Main Street in Newport, Vt., by yourself campaigning. I do not know for what at that time, but it was a long time ago, and I was rooting for you all the way.

Senator **Stafford**. Thank you. I have run for so many times in Vermont, it could have been almost anything.

Ms. **Albee**. This is a momentous kind of day for me.

This is December 1981. Thirty-six years ago, I started to go to college. That is why it is quite momentous. Caught up as I was during wartime, I dropped out of school, got married, and had five kids, one right after the other, and I was very busy for quite some time. Two years ago, I was stuck in a job that was boring to me, not challenging in any way. My five children, three were away from home, married, and on their own. The two that were left had started college, and I would soon have been left in that nowhere job, going nowhere by myself.

The oldest of the two children remaining in school began to tell me about his classes at Burlington College. As I listened to this young man inspiring his mother, I began to remember the stirrings of my old dreams. I had always wanted to finish college. The biggest stumbling block might have been finances, and had I not been willing and able to get a combination of work study grants and loans in order to get through the last seven semesters, I would not have completed. As it was, I had to borrow $9,000 in order to get through college since there were times when I needed to help my youngest daughter and my son as well as myself. In addition, I have had to work the last full year as a mental health counselor in order to finish.

I cannot imagine further cuts in financial programs. Had the cuts come sooner, I would not have been able to finish nor would my son. In my opinion, further cuts would be irresponsible, and I want to speak to those of us who are slightly older, men and women more and more of whom wish to come back to school, and to those younger people who want to come back to school, but without financial backing would have been sorely out of luck.

Without the education that I was able to get, I would not have been able to have gotten my counseling job, a job that allows me to help others to want to learn, to want to grow. Will these people have that opportunity if cuts further are made? I consider myself truly fortunate. I consider myself blessed that after 36 years I will get a degree on the 21st of December. I am overwhelmed by this knowledge.

The college that I attended is attentive to each student's needs and, as a result, each of us understood financial forms. There were no mysteries. There continue to be mysteries that I would like to explore. I truly would like to go on to get, who knows, maybe a doctorate. It is very thrilling to me to be here and to be representing students. I am a parent of students.

I thank you very much for this opportunity, Senator Stafford.

Senator STAFFORD. Thank you very much, and congratulations on getting a degree. I think that is a remarkable accomplishment. I hope you go on and do get a doctorate.

The next witness will be Donna Flannery from Rutland.

Ms. FLANNERY. My name is Donna Flannery. I am a senior, an economics major. I am from Rutland.

I really appreciate the opportunity to be here to explain to you how much the financial program has meant to me.

Senator STAFFORD. Donna, could you get the mike up a little closer there?

Ms. FLANNERY. My main reason for wanting to speak to you today is ideologocal. I am graduating in May, and to be really selfish about it, any future cuts will not affect me. I have made it through, but am very deeply concerned about what effect future cuts in this program will have on other Vermonters.

I consider myself an average, middle-class Vermonter. I come from a family with five children. Two of us are in college. It is simply not possible for my parents to help us pay for our education. I have been dependent on my savings and the financial aid program. Although it sounds very melodramatic, the truth is that I would not be here without the financial aid I have received. This year alone, 40 percent of my expenses are covered by Federal grants and 20 percent by a State grant. The aid I receive is from many sources: Federal grants, including BEOG, SEOG; my State aid includes VSAC and a student guaranteed loan. All 4 years, I have held a work study job although I could have accepted a national direct student loan. Combining this financial aid with my savings, I am able to graduate with only a $1,000 debt, which relieves me of considerable worry when I graduate.

I cannot overstate how strongly I feel about the necessity of a strong financial aid program. I believe that a college education must not become a privilege available only to the rich. But it seems with costs rising as rapidly as they are—next year UVM tuition will go up at least 14 percent—and with budget cuts looming overhead, that possibility of a college education is becoming available only to the rich and not to the middle-class student like me, becomes very frightening.

The present financial aid program has enabled me to be here today, but I sometimes wonder if my younger sisters will each have this opportunity. The continuance of this program is absolutely vital if a college education is to remain available, as I feel it should be, for any student with the desire and ability to better himself in society.

Thank you.

Senator STAFFORD. Thank you very much, Donna.

The next will be Michael Hambly.

Mr. HAMBLY. Yes, Senator. I would also like to thank you for providing us with this opportunity.

I am a native Vermonter. I attended a large private university for a year before transferring to UVM. I am a senior majoring in political science and hopefully will attend law school next year.

Most States enable their residents to attend an inexpensive State university. As the previous speakers today have mentioned, such is not the case in Vermont.

Because of the incredibly shrinking share of the UVM budget that is funded by the State, UVM has consistently ranked as one of the most expensive universities for both in- and out-of-State students.

I come from a large middle-class family which is not wealthy enough to pay for college totally out of pocket, but neither have I really qualified for anything but small amounts of Government formula grants such as the Pell grant, and that is where the diversity of student aid programs has come in and helped me. My freshman year, I did not qualify for BEOG. During my sophomore year, I suddenly got a more substantial one due to the Middle Income Assistance Act. In my junior year, I have gotten negligible funding from BEOG. Again this was parallelled by a sharp decline in my VSAC opportunity grant, but these fluctuations and assistance were offset by NDSL loan programs which are financed by the Federal Government but administered on a case-by-case basis at the university level. I have also participated in the guaranteed student loan program which has been the single largest component of my aid in the last 2 years. I think it is reasonable to expect that if I should go to law school 3 years, those 3 years will considerably add to my amount of such loans. I favor loans over other types of aid, however, because they keep the responsibility for financing one's .education with the student, such as myself, but in a realistic manner.

Many of my friends rely on the loan, and they have told me that if the cuts go through that are proposed, they are going to have a hell of a time making ends meet next year. Many seniors I know have said they are glad this is their last year for just such reasons.

I am appreciative to the university and the Government for enabling me to get a high quality education. I hope that similarly situated students get similar assistance in the future, but I feel the Reagan administration's budget cuts in education aid will obviously limit the prospects of would-be students who come from middle-class families, and with the dismantling of the Middle Income Assistance Act and similar actions which I believe are very shortsighted, in their desperate desire to balance the budget in the near future, the education program slashers are failing to take into account the long-range effects involved. They are in short screwing up their prioritizing as Alexander Haig would say. Financial aid to education is a very wise investment for the Federal Government, and I do not mean just in terms of loan repayment.

To be able to compete economically with other technologically advanced nations requires a highly trained work force with as much education as possible. The same can be said for another one of Reagan's chief concerns, maintaining our defense capability. It is both economically and militarily dangerous for the United States to cut back on its education of its citizens at this time.

Second, study after study has shown that a college education significantly increases a person's lifelong earnings, earnings which the Federal Government should be reminded of are taxable. The odds of a college graduate going on social welfare or being unemployed for a significant period of time are relatively small. Thus not only will more revenue come in and less money go out as more students are enabled to finish college, but in the long run, a larger percentage of students graduating from college will actually help in the attempt to balance the budget.

Third, and last, a college degree is now necessary though, of course, not sufficient for upward mobility. In our society, though a degree is no guarantee of success, without one you are totally out of the picture. The financial aid programs begun in the sixties have certainly expanded the socioeconomic backgrounds of people receiving college educations, and any contractions in those programs, I feel, would be very detrimental to society. We should not limit the people's access in a country that prides itself on being a Nation of opportunity. Most of the cutbacks proposed or, already in effect, are particularly injurious to the middle class which is the bulk of the producers and taxpayers of this country. I do not feel the future of their sons and daughters should be sacrificed for the sake of a quick economic fix to balance the budget.

Senator STAFFORD. Thank you very much, Michael, for a very good statement.

I think if you want to get prioritized in total Washingtonese, you could say that somebody is making up their priorities.

The last witness on the panel that we are very happy to welcome here is David Stewart.

Mr. STEWART. My name is David Stewart. I am a senior——

Senator STAFFORD. David, could you use that mike?

Mr. STEWART. I am a senior at the University of Vermont and I will be graduating in the spring with the B.A. in zoology. I am also the president of the UVM Student Association.

I came to this institution as a transfer student from the University of New Hampshire after completing my freshman year. I applied to UVM because it offered a strong curriculum in my chosen field of study and because there are no equivalent alternatives offered in the State of New Hampshire. Since I am a resident of New Hampshire, I experienced a drastic jump in my tuition payment when I changed schools. UVM does have the highest out-of-State tuition payment in the country. It has been difficult for me to stay here.

I want to relate a little bit about my financial past because I feel it is probably characteristic of a fair number of students. Because I spent 1 year in my home State institution, I was able to pay for my first 2 years. Unfortunately, I was not able to earn enough to cover my tuition for my junior year in the summer following my sophmore second year. It was that summer that I applied for Federal financial aid. By a combination of summer earnings, BEOG, SEOG, and NDSL, and what help my mother could give me, I paid for my junior year.

This year I once again received financial aid. However, it is not going to be sufficient to cover the year. Therefore, I am not sure where I am going to find the money for next semester since I have already applied my guaranteed student loan to this semester. This is a particularly bad year since my younger sister is also attending school.

I can say unequivocally that I would not be able to attend the university next year if I were a junior. It would be necessary for me to take a year off to earn enough to come back. I can also say that my sister, who is a freshman this year, will not have the opportunity I have had. I doubt that she could attend an out-of-state institution even with a large amount of financial aid.

By virtue of my presidency in the student association, I have had extensive discussions with student faculty and administrators over the effect of Reaganomics on higher education. Everyone is scared, scared that higher education is becoming accessible only to the rich. It seems education has been deemed a burden by the Federal Government, one that it no longer wishes to shoulder and has dumped onto the States. Regrettably, the State is making no attempts to say it feels any differently. State aid to the university in constant dollars has dropped consistently with few signs of any trend reversal. Those who appreciate the value of a college education know what the State legislature and the Federal Government consistently fail to acknowledge, that Vermont and the Nation cannot afford to have access to its institutions of higher learning become any more expensive for the students than it already is.

Currently Vermont students are mobilized in contacting their State Legislature. They hope to have some influence. After all, they are the ones who are ultimately shouldering the burden.

For the students at UVM and for those across the State, I wish to thank you, Senator Stafford, for your efforts in Washington. I urge you to continue the outstanding representation you have given us to date. Thank you.

Senator STAFFORD. Thank you. Thank you very much, David.

Let me, for the committee, ask a few questions of you, and you may all respond or one respond or all of you, or do it in any way you wish. To some degree you may have answered this one, but let me put it this way. This is a hypothetical question.

But what would you have done in each case if you had been unable to receive student assistance? Would your parents have been able to provide enough support to enable you to attend college or would you have had to postpone your college education or, in fact, attend a different institution or abandon the college education altogether?

Ms. ALBEE. I would like to say something about that. I do not think I could have postponed it much longer. To be very serious, I could not have gone to school, and it was really important to me to do that. And the other statement still stands.

Senator STAFFORD. Mary, the Chair does not dare ask your age. Donna, what would the effect have been on you?

Ms. FLANNERY. I agree with Mary, I would not be here. The maximum guaranteed student loan is $2,500, and the cost per year of attending UVM is $5,400. It would be impossible.

Senator STAFFORD. So you could not have attended this institution without student aid programs?

Ms. FLANNERY. No.

Senator STAFFORD. Would that have meant you would have asked for another and possibly less expensive school, or would you have had to give up a college education?

Ms. FLANNERY. I do not think that I would have gone to a less expensive school. I would have either tried to work for a year or two and then attempt to go to college after saving money, or to have given up.

Senator **Stafford**. Then the impact of the lack of the Federal programs would have been, if you got a college education, it would have occurred over a period of several years?

Ms. **Flannery**. Right.

Senator **Stafford**. While you earned your way along?

Ms. **Flannery**. Right.

Senator **Stafford**. How did you, Michael?

Mr. **Hambly**. It is the same with me. I would have had to work for several years after leaving high school, and doing that, there is always the problem you might get diverted so I am glad I did not have to.

Senator **Stafford**. David, you have answered that one.

Mr. **Stewart**. I certainly would not be able to attend the University of Vermont. It has been a luxury to be here. The State of New Hampshire is not very much better off than Vermont, I would have had to have worked.

Senator **Stafford**. All right. For the recipients of a guaranteed student loan, when you took out your loan, did you ask or were you notified of the terms of repayment? In other words, did the bank you received it from tell you what your total indebtedness would be, the length of the repayment, and the monthly amount you would have to pay?

Ms. **Albee**. My bank certainly did. I was well notified with my student loan and I really appreciated that.

Senator **Stafford**. Is there any difference of opinion on that?

[No response.]

Senator **Stafford**. I see no one volunteers any contrary opinion.

Mr. **Stewart**. I am still accruing debt type.

Senator **Stafford**. Are you being properly advised of what your indebtedness is and what is expected of you in terms of repayment?

Mr. **Stewart**. Yes.

Senator **Stafford**. So that the banks are being fair in their relations with students on the guaranteed student loan program. All right.

Well, I cannot tell you how much the committee appreciates your help this morning. We particularly need the reactions of students who are using the program to help us in our deliberations for the rest of this year and next year. So, for the committee, my gratitude to all four of you. Thank you very much.

Ms. **Albee**. Thank you.

Senator **Stafford**. The next panel are Vermont parents and financial aid administrators, Edward Franzeim, who is the director of financial aid at Norwich University and Vermont College; Kenneth Moulton, director of financial aid, Castleton State College; Bernie Smyle of South Burlington, Vt.; and Roch Thibodeau of Burlington.

One of the members of the Governors' Conference when I was a Governor of Vermont was a gentleman named Robert Smyle from out West who pronounced his name differently than you do now.

We welcome you here and again we would suggest that we go in the order in which we have you listed on the witness panel. And so, Mr. Franzeim, would you care to lead off?

STATEMENTS OF EDWARD F. FRANZEIM, JR., DIRECTOR OF FINANCIAL AID AT NORWICH UNIVERSITY AND VERMONT COLLEGE; KENNETH MOULTON, DIRECTOR OF FINANCIAL AID, CASTLETON STATE COLLEGE; BERNHARDT A. SMYLE OF SOUTH BURLINGTON; AND ROCHFORD THIBODEAU OF BURLINGTON, VT.

Mr. **Franzeim**. Senator, if I am not mistaken, I believe it was requested that the two parents requested to go first. So if that is OK with you——

Senator **Stafford**. We will be glad to have the witnesses appear in any order you wish among yourselves.

Mr. **Thibodeau**. Thank you. It was not requested but, allowing for my increasing anxiety, I appreciate the opportunity.

Good morning, Senator. My name is Rochford Thibodeau. My wife Carmen and I are lifelong residents of Burlington. Our three children are presently enrolled in areas schools. My son, Roch, is a part-time matriculating student at Champlain College. My daughter, Denise, is a freshman at the University of Vermont and resides on the campus. The youngest daughter, Colette, is a freshman at Rice Memorial High.

I am most appreciative of the opportunity to give testimony this morning and a special thank you to Joe Hier of Rice Memorial for asking me.

Please allow that, as a layman, the buzz words, abbreviations and program titles that are the vocabulary of many here this morning are alien to me, and my interpretation of these many titled programs is vague at best, and I can only relate to the programs in general terms.

Last March when Carmen and I sat down with our children to discuss college, it became apparent that financial aid would be an integral part of their financial requirements. After many confusing discussions with other parents, I went to VSAC and asked the questions necessary to develop an understanding of the options open to the Thibodeau family. After many hours of filling our forms, I sat back and hoped that in the complex systems of determining financial aid there would be help for us.

Our daughter, Denise, enrolled at UVM and the program of financial assistance to her that developed was a pleasant surprise. Denise is presently receiving university money, State grants and a State insured loan. Also available to her in the UVM formula was work study money. However, we declined allowing that Denise has a part-time job at Sears, and the overriding advantage here is guaranteed increase in work hours during vacations and summertime.

My son, Roch, is not receiving any financial aid and is paying his own tuition from his own income.

The tuition at Rice High for our youngest daughter is approximately $1,000 per year.

So the financial picture for the 1981-82 school year is set, but what is in the future for the many working families in America that want to help their children in the continuing education process? Bearing in mind that in the Thibodeau family that working parents and two children are participating in their own financial needs already. I shudder to think that the programs presently in force could be curtailed or that increased interest rates on student and parent loans would force these young people to seek other and certainly less appealing ways to further their education.

As for my family, I feel that we are presently using our financial resources to the best of our ability, and believe me, in these days of high cost, there are virtually no options open to us to absorb the financial costs that we would have to assume if financial aid is curtailed.

Being specific in terms of our daughter Denise, the most obvious change would be to bring her home from the campus. The results of this action would create some imposition on all of us in terms of transportation and work study environment. The campus participation by a student is a very integral part of the learning process. The social environment, the study habit discipline, and the releasing of dependence on parents are the complement to developing the complete college student.

During the past year of searching for moneys for education, I became aware of some grant programs available to students from trust funds, national organizations and fraternal organizations. These moneys are modest at best and very competitive in terms of becoming a recipient. At one point I thought, "My God, if a person were clever enough, they could realize a considerable profit from these programs when complementing them with the financial aid packages available." However, such thoughts were quickly put to rest when I became more familiar with the equitable formulas used by UVM and VSAC: for reviewing financial disclosures and awarding of money. I feel very strongly that there is not enough grant or trust money available to offset the continuing need for the programs that are presently in existence.

Thank you.

Senator **Stafford**. Thank you very much, Mr. Thibodeau.

We will now let whoever wishes to go next.

Mr. **Smyle**. I appreciate the fact that this subcommittee, Senator, is holding this hearing here in Burlington, and appreciate the opportunity to express some of my concerns about the impending cuts in the Federal aid programs. These will be affecting both prospective college students and those already enrolled and receiving aid funds in one form or another.

I offer these remarks as a teacher in the Burlington system over the past 20 years, and as a parent of three children, two of whom are presently college students. The oldest, after 4 years in the Air Force, is beginning his senior year at a college in New York.

The youngest is a freshman attending Trinity College in Burlington. Both have received guaranteed student loans. Our daughter has a Pell grant, a supplemental grant, and is participating in the work study program as well.

In fairness to our son and to this subcommittee, I must add that he receives his G.I. bill benefits, a small Pell grant, works part-time as a veterans' counselor, and his bride teaches at a day care center near their apartment. So both my son and daughter were able to secure the funds necessary to enable them to attend college, funds beyond which my wife and I were able to supply. Under the present proposals, both the basic grants and the supplemental grants, as you know, would be substantially reduced.

Perhaps the most obvious effect resulting from the implementation of these proposed aid cuts would be the immediate reduction in college enrollment, including, quite possibly, my daughter since there is no possibility that she could earn enough working summers and part-time to offset this loss in aid.

I submit the reducing of numbers of academically talented young people entering college is a false economy which will yield long-range problems in terms of employable teenagers. If the cuts are effected as proposed, the parents of high school students, knowing that available income versus rising living costs would leave little or nothing for college without substantial aid, these people might very well insist that their high schools concentrate their efforts on providing job oriented skill courses in the industrial/vocational areas with little need for college preparatory courses. The irony of this, of course, is that most high school graduates would be placed on the job market which at present is an 8.4-percent unemployment rate, some 9 million workers. This is the highest number of unemployed in 41 years, as testified by the Burlington Free Press of yesterday. What this figure will be in the next year or 5 years is anyone's guess.

Even worse than one young inexperienced job seeker who is forced into a situation because income criteria were not met for college aid eligibility is the very substantial loss to society in ideas, contributions in a chosen field, and even taxes, as someone else mentioned, paid on income earned after completing a program of studies. Implicit in those proposed cuts in aid programs, and presumably successive cuts, is the emergence of a higher education system destined to serve only the sons and daughters of our economically advantaged. In short, an elitist system. In this, our country would be the loser.

Thank you.

Senator **Stafford**. Thank you very much, Mr. Smyle. An excellent statement. And we will hear from whoever wishes to go next.

Mr. **Franzeim**. I am Ted Franzeim, director of office of financial aid at Norwich University, an independent college of more than 2,500 students.

It is, indeed, a pleasure to appear before you today to present my perspectives on the recent and proposed cutbacks in student aid and, in particular, students enrolled at Norwich University.

Student aid is critically important at Norwich University, as I am sure it is at most colleges and universities. Currently over 1,850 students are receiving assistance at the university that totals more than $9 million. Of that amount, $5,329,000 is from title IV funds. It has been estimated that for every dollar expended for student assistance, the impact on the institution's operating budget is multiplied by a factor of 1.75. We believe that the total impact of student assistance on the university's operating budget is at least $15,855,000.

It is difficult to adequately assess at this time the impact of the current cutbacks in student aid because the changes in the guaranteed student loan program will not take effect until October 1, and most of our students applied for their student loans before that date. The full impact of the changes in the guaranteed student loan program, as well as cuts in other student aid programs, will not be felt until next fall.

I can offer a perspective, however, of the impact of the reductions in the basic grant program that took place early this past summer. As you know, the maximum basic grant was reduced from $1,800 to $1,750 last year and further reduced to $1,670 this year. Senator Schmitt of the Senate Appropriations Committee suggested students could easily withstand an $80 reduction in the basic grant awards. Unfortunately, the actual reduction in many student basic grant awards for the current year was between $250 and $300 due to the reduced maximum grant and the administration's changing the formula used for determining a student's eligibility for basic grant. The loss in basic grant funds going to Norwich University was 16 percent from the previous year. The basic grant reductions combined with increases in tuition and fees forced many students to obtain larger guaranteed loans and, in part, explains the dramatic increase of student loan volume for the current year. At Norwich, our guaranteed student loan volume is 31-percent above what it was last year at this time.

As I mentioned earlier, the major impact of the 1982 budget cuts will be felt next fall. I believe many people felt that the reduction mandated during the budget reconciliation process of last summer were severe. They required reductions in student assistance of approximately $3 billion, or 22-percent over what was authorized in the Education Amendments of 1980.

The Senate version of the 1982 appropriations bill that has been recommended by the Senate Appropriations Committee goes much deeper. I believe the impact of the Senate version of the appropriations bill, if enacted as it stands, will be very devastating to Vermont and its institutions of higher education.

The Senate Appropriations Committee bill calls for a reduction in the supplemental grant program of 21 percent or a loss to Vermont's educational institutions of at least $275,000. The Senate version also calls for further reductions in the basic grants, national direct student loans, and the elimination of the State student incentive grant program. The combined reductions in title IV student assistance programs for the 1982 fiscal year could total $1.6 billion over the amount that was available in the 1981 fiscal year and over $3.6 billion from what was authorized from the Education Amendments of 1980.

I would also add that the phaseout of the social security student benefits will further reduce available student assistance by $500 million in each of the next 4 years. The net impact of all reductions in the Federal student assistance is more than 24 percent over the aid that was available this year.

Reductions of this magnitude, combined with increases in college expenses of between 9 and 14 percent, will make it very difficult, if not impossible, for many students to either begin or continue with their educational plans. Very few, if any, institutions have the capacity to offset reductions in Federal student assistance with institutional resources.

There has been much debate in Congress over the cost-of-living increases for our social security and federal retirement system. Yet students and their families faced with the same inflationary pressures, are expected to survive not on smaller increases, but less fewer actual dollars.

I share the view that growth in Federal expenditures must be reduced, but I believe and I am sure many would agree that education is shouldering a disproportionate share of the reductions in Federal spending. The most discouraging issue that surfaces out of the current budget debate is that education is no longer a national priority. I believe in the revitalization of America and feel that the cornerstone of that process is our educational system. I also believe that the greatest strength of this Nation is its people. If we are going to increase productivity and compete in the world marketplace, we must be willing to make the investment in human capital. The youth of this country is our future. If we are unwilling to invest in them, what can our future hold?

If the challenge of Sputnik spurred the establishment of the student assistance programs in 1958, certainly the challenges facing the Nation today would suggest that we increase, not decrease our expenditures for student assistance.

It is unfortunate that we view student assistance in the short run. There probably is no other Federal program that offers a better return in the long run than expenditures for student aid. The relatively small investment in student assistance—approximately 1 percent of our national budget—will reap dividends for generations through increased tax receipts.

As I mentioned earlier, growth in Federal spending must be reduced. I, and I am sure many others, have sent you and your staff recommendations that I believe could reduce expenditures in student aid without destroying viable programs and harming the truly needy.

Evolutionary change is healthy. However, the revoluntionary changes that are being proposed will be destructive to institutions, students, and the Nation. The decisions made in Washington this year will impact society for generations to come.

I would like to thank you and your Education Committee staff for all your assistance and support during the past 9 months. The staff has kept us informed and solicited our views through the budget process. I am most grateful to you, Mr. Chairman, for the opportunity to present my views to you and the subcommittee.

Senator STAFFORD. Thank you very much, Mr. Franzeim, for a very good statement.

The final witness will be Mr. Kenneth Moulton.

Mr. MOULTON. Thank you very much, Senator, for this opportunity to present comments for your consideration.

Financial aid has changed dramatically over the last decade. We are all aware of the great advances that were made during that period. Recent legislation, however, has rescinded many of those gains. Additional proposals threaten to make more changes and even deeper cuts in available funds. The results of these proposals will most assuredly cause more people to decide that they will not continue their education beyond high school. The impact, while nationwide, will, in my opinion, be felt more drastically in Vermont where the aspiration level of our young for higher education is already near the lowest in the country. If funds continue to decrease, even those students currently enrolled will be forced to seriously reevaluate their financial ability to continue their studies. Currently 66 percent of the students enrolled at Castleton State College are receiving some type of Federal assistance. I believe Castleton to be somewhat similar to other Vermont institutions.

In a period of increasing costs and decreasing funds, financial aid officers are forced to play a balancing game between funds and students. Some of the questions we try to answer are should we award all available funds to some or some of the available funds to all? How much aid is enough. How little of certain types of aid, such as gift aid, can we give and still enable a student to attend? How far should we encourage a student to go in debt? While it is impossible for us to say with any certainty what the answer is to any of these questions, we do try to insure that we help as many people as possible with the available funds.

There are two significant issues which I would like to single out for comment. They are decoupling and block grants. We support decoupling. Pell index formula has traditionally been used to ration funds. The formula does not measure the ability of the family to pay. The formula has been adjusted to reduce the amount of a grant a student was eligible to receive. During the 1980-81 academic year, some 644 students enrolled at Castleton State College received over $634,000 from Pell grants. As a result of the changes in the formula and a reduction in the maximum grant, we project that only 477 students will receive approximately $525,000 this year. This represents a 25-percent reduction in the number of eligible students and a loss to those students of $109,000. This figure is equal to the amount we awarded in initial year supplemental educational opportunity grants we awarded this year.

On the other hand, uniform methodology, while certainly not perfect, is the best system yet developed to measure the ability of a family to pay. To use the same calculations to both ration funds and determine a family's ability to pay would probably result in the elimination of any rational methodology for determining ability to pay and result in a rationing formula for all funds.

I understand that you support decoupling. I urge you to use your influence to insure that this issue is settled favorably.

I do not believe financial aid funds should be allocated as block grants. Funds allocated as block grants quickly lose their national identity and purpose. It is much easier to reduce funding to programs which have no distinct purpose or identity. Diversity in funding has allowed aid administrators to develop interesting packaging models to satisfy a very wide range of student needs. Distinct programs allow for national distribution of funds for a specific purpose and insures that funds so allocated will be used for that purpose. Without national direction, individual institutional concerns may cause the funds to be used in a way that may not be in the best interest of the student.

In my opinion, the current latitude allowed in the existing funds is sufficient to satisfy most reasonable institutional concerns.

I would like to applaud you, Senator, for holding a hearing of this type. It is the first, to my knowledge, that has been held. I think it gives us the opportunity to gain a perspective that we normally do not have. Thank you very much.

Senator STAFFORD. Thank you very much, Mr. Moulton.

For the committee I will say we are all grateful for you giving us your time and assistance here this morning in these hearings, and I can assure you that the committee will pay attention to what has been said here today.

Let me ask the parents this question. If your child or children have been unable to receive Federal student aid, would they have been able to attend college? You may have answered that somewhat earlier, but I would like a direct answer on that and also what other routes would have been open to you or to them if there had been no Federal student financial aid.

Mr. **Thibodeau**. In my own structure, there was only one alternative open to me looking at the time last March when we were considering school. My son was thinking of being a full-time student along with my daughter, Denise, who is a full-time student. Being people of modest means, moneys were not readily available allowing that we have been married some 20-odd years, have a modest mortgage on the home. The only thing I could see to do and I would, and probably will wind up doing it, is to refinance my own personal home, our mortgage, in order to help these children. Not to give it to them but to help them continue their education. That, speaking for myself, is the only other alternative I have and I do not really relish the idea.

Senator **Stafford**. I hope you do not have to do it.

Mr. Smyle, would you care to respond to that question?

Mr. **Smyle**. I think perhaps what would have happened is a practical matter. We would have reprioritized our expenses, looked at it much more carefully, and very likely our daughter would have had to have gotten a job, perhaps working for a year, and gotten things rolling and see how it went over a year's time perhaps.

Senator **Stafford**. Thank you.

Based upon the VSAC system, would either of you have considered taking out a parent loan at 14-percent interest?

Mr. **Thibodeau**. Yes, I would have only to complement what would have been left on the table so to speak to take care of that, yes, I would have.

Mr. **Smyle**. I think we both would in that case.

Senator **Stafford**. Thank you very much. Yes, we much appreciate it.

Now, let me ask a few questions of the financial aid administrators. The Financial Aid Committee has recently pushed for postponement of the so-called single need analysis for the Pell grant and campus based student aid programs which is scheduled to begin for the 1982-83 academic year. You may have answered this, but again would you tell us why this decoupling of programs is necessary?

Mr. **Franzeim**. I think Ken mentioned that, and surely the Pell grant formula is strictly a rationing device to distribute basic grant funds and, therefore, it would be expecting an unrealistic expectation, I think, from most families and parents. I think many students who are now eligible for campus based and guaranteed student loans, would not be eligible if they used that formula.

Senator **Stafford**. Thank you.

Do you agree with that, Mr. Moulton?

Mr. **Moulton**. Absolutely, sir.

Senator **Stafford**. Thank you.

The administration has requested that the $5 Pell grant recipient allowance to institutions which helps colleges administer the Pell grant program at the campus level be eliminated. Could you tell us what your institution does with those institutional allowances and what the effect of such elimination on your students and institutions might be?

Mr. **Moulton**. Senator, our institution puts those funds into our general operating budget. It is not a significant amount of money, and I do not believe it would have an impact. We certainly operated programs for a number of years without that money. I do not like to sound pompous, but, of course, the issue is getting money to students, and it is not a significant amount to the institution.

Mr. **Franzeim**. Well, we use that to offset our operating expenses of our Financial Aid Office, and if those were eliminated, they would have to be picked up by the institution which, unfortunately, would pass those costs on to our entire student body rather than those who are recipients of student aid.

Senator **Stafford**. All right.

Related to this last question, the administration has released preliminary findings that the error rate for Pell grant awards may be as high as 71 percent, resulting in over awards costing the Federal Government $300 million. If this is a serious problem, what can be done to prevent this problem, and would the removal of the institutional allowance have a deleterious effect on the ability of the administrators at the campus level to verify student financial information?

Mr. **Moulton**. The last part of your question, I do not believe so. We currently ask for financial income statements from parents receiving BEOG, Pell grants. I do not know what else could be done. We do not find the error rate to be 71 percent. It is more in the area of 30 percent at our institution. I do not know how many mistakes we make that fall into an error rate of that type, but it is not as significant as that.

Senator **Stafford**. The error rate here at 30 percent would mean overpayment of Pell grants.

Mr. **Moulton**. Well, some is overpayment, some is underpayment. It is just an error rate.

Senator **Stafford**. It is an error rate, but not necessarily an overpayment rate?

Mr. **Moulton**. That is correct.

Senator **Stafford**. What portion of the student costs at your institution is accorded by Federal student aid? If you could give us a round figure in each case.

Mr. **Franzeim**. I would say approximately—Norwich is approximately 75 percent.

Senator **Stafford**. 75 percent?

Mr. **Moulton**. Senator, I do not have an answer.

Senator **Stafford**. Could you give us that figure in writing at your early convenience. We would appreciate it if we could have that.

Mr. **Franzeim**. Senator, if I could comment on that question on the error rate. We do a significant validation check of our student body by requesting income tax returns for approximately 60 percent of our population, and I would suggest that the error rate is considerably less than that. Very small as a matter of fact.

Senator **Stafford**. At Norwich?

Mr. **Franzeim**. Yes. And I would suggest if that administration expense is eliminated, certainly we probably would not be able to do the verification efforts that we have been able to do in the past.

Senator **Stafford**. Thank you very much.

We are inclined somewhat to get in an ivory tower—what kind of a tower it is in Washington—and lose touch with the way things actually are in the institutions of higher learning and the other educational programs in this country, so I think this hearing this morning has been especially valuable to me and will be to the full committee and to the Senate.

Because you are the people who are on the educational firing line, and I would like you to know two of the members of the Subcommittee on Education, Arts and Humanities staff who do all the hard work that occasionally makes the Senators look good, and often keeps us from looking bad. So I would like you to meet Polly Gault, who is the staff director of the Education, Arts and Humanities, and David Morse who is a valuable member of the staff.

And let me close by thanking this panel particularly for being with us and sharing their views with us, and I want to thank the many here who have come as students or interested people to serve in the audience and understanding the problems that administrators and students and educators and even Senators have in keeping up with the very difficult problems of higher education.

Thank you very much, and the committee will stand adjourned.

[Whereupon, the subcommittee adjourned, subject to the call of the Chair.]

OVERSIGHT OF IMPACT OF FEDERAL STUDENT AID REDUCTIONS

FRIDAY, FEBRUARY 19, 1982

U.S. SENATE,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES,
Storrs, Conn.

The subcommittee met, pursuant to notice, at 10:15 a.m., in the Student Union Ballroom, University of Connecticut, Storrs, Conn., Senator Lowell Weicker, Jr., presiding pro tempore.

Present: Senator Weicker.

Staff present: John Doyle, staff director, Subcommittee on the Handicapped; Judy Buckalew, legislative assistant, Subcommittee on the Handicapped; Carla M. Curtis, congressional fellow, Subcommittee on the Handicapped; and David Morse, legislative assistant.

OPENING STATEMENT OF SENATOR WEICKER

Senator WEICKER. The Senate Subcommittee on Education, Arts and Humanities is conducting today's field hearing in Connecticut to learn first hand the impact of proposed reductions in the Federal student assistance programs on Connecticut students and schools. These hearings are extremely important in the sense that the evidence gathered by the subcommittee, will be used in the forthcoming battle within the Senate Appropriations Committee on the President's budget. This is not, therefore, just an exercise in rhetoric that is going to be transcribed onto paper and then filed away in an archive. This is the ammunition which is needed in order to effectively present the case for higher education in this country in the Appropriations Committee of the U.S. Senate.

Higher education is a very vital part of the fiber of Connecticut life. More than 163,000 students are served by Connecticut colleges and universities. In addition, thousands of Connecticut residents serve as teachers, administrators, and support personnel in these institutions. Many more thousands are studying in out-of-State institutions.

Nearly a century ago, higher education in our Nation was generally limited to a privileged few, generally those who afford it. The Federal Government, in an attempt to promote an educated population helped establish public land grant institutions. These schools provided access to higher education for countless American youngsters who otherwise were unable to afford or even to contemplate higher education.

I think it is worthy to note that all these people that involve themselves in education in this country, whether by virtue of their profession on the campuses of this country, or whether by virtue of their work within the Government of this country, have no reason to put on any hair shirt as to what education is accomplishing.

As I view the United States around me just within my lifetime from an educational point of view, it is a totally different nation. Millions have the educational opportunity, and are capitalizing on it as compared to the hundreds that were involved when I first started out as a schoolchild.

So, indeed, I think public education and education as a whole has been one of the most unqualified successes of the United States of America, even taken in the context of the entire history of man.

The basic character of Federal aid to higher education has changed since the early days. Today, most Federal support is in the form of student aid rather than direct aid to institutions. This is as it should be, for it gives students the opportunity to select the school that best serves their needs.

Many of the students who attend colleges and universities in the State of Connecticut receive Federal aid in the form of grants and student loans. That aid totals almost $281 million in this current academic year. This financial assistance to students from Pell grants, supplemental education opportunity grants, college work-study funds, State student incentive grants, national direct student loans, and guaranteed student loans represents more than 90 percent of all financial aid received by Connecticut students.

Obviously cuts in Federal student assistance will have a severe impact on the ability of qualified Connecticut residents to attend schools of higher eduction. These cuts have been proposed at a time college costs are increasing faster than the general rate of inflation and when more and more emphasis is being placed on obtaining a higher education.

Recent proposals to reduce the Federal funding for these vital programs alarms me. Indeed, I term these proposals to be both a disgrace and a repudiation of a commitment that traditionally has brought about nothing but success. I am concerned about preserving access to higher education for low and middle income Americans.

We cannot and we must not return to the days when only the wealthy can afford a college education. During the course of today's hearings I feel confident that the testimony we will receive will help build a solid record which I can take back to my colleagues in Congress. The record will demonstrate—not political theory, opinions or ideology but, rather, the hard facts of financial aid cuts as they impact specific colleges, universities and students.

On behalf of Chairman Stafford and the entire subcommittee I extend my thanks to the University of Connecticut and its president, John DiBiaggio and to all of today's witnesses for your efforts in allowing today's hearings to occur.

Before I introduce our first witness, there are two remarks that I would like to add to the prepared remarks I have given. First, I find the statement by this administration, that the United States should be No. 1 in the world in terms of its strength, while at the same time the administration seeks to cut education by 25 percent or more, to be a total contradiction. I want to use every possible forum to remind the American people that our strength and our position in the world has been determined in large part by education, by our quest for technology, and by our mastery of it, and indeed, there is no way we're ever going to outman the Soviet Union. That's a biological impossibility.

Whatever we do in terms of the defense of freedom will come from the minds of men and women and the place where their minds are improved and brought to the point where they can serve their nation. This of course, begins in the classrooms across this land.

Second, I want to pay a special compliment to Chairman Bob Stafford. In the 1982 budget process it was the firmness of the chairman, Bob Stafford, and whatever assistance I could offer him, that prevented the massive cuts proposed by the administration, prevented the block granting of many of the programs both in eduation, special education, vocational training and preserved many of the laws that were on the books to assist all beneficiaries of the educational process. It was not easy for Bob Stafford to face up to the new administration and say, in effect, that if compromise were not reached that he and I would vote for proposals of the Democratic side within the committee.

Senator Stafford did that, and because he did and because I joined with him, the matter was brought to a general meeting of the minds between the Democrats, and the Republicans led by Senator Hatch, Senator Stafford, Senator Baker, myself, and the administration.

The point that I want to make is that regardless of whether or not those of us who labor in the cause of education think we are right, regardless of whether or not the facts say we are right, it is absolutely necessary for this country now to politically fight for what it believes. There is an activism needed at all levels of our society to bring to pass in the Congress of the United States the commitments you have in your homes and schools.

Again I pay tribute to the chairman and the sense of the courage he displayed but I also ask that others join in to make certain that we are not going to have a repetition of Budget proposals which are worse for 1983 than they were for 1982 when it comes to the field of education.

Our first witness is a dear personal friend.

He is currently serving as the member of the House Committee on Education and Labor and the Committee on Government Relations, the Subcommittees on Elementary, Secondary and Vocational Education, Postsecondary Education, Manpower and Housing, and Intergovernmental Relations.

Larry DeNardis is a former college professor of Albertus Magnus College where he taught for 16 years in the area of political science and public administration. He is the former president of the Connecticut Independent Colleges Association.

Larry served five terms as a Connecticut State senator, pursued his interest in education from a position on the education committee in the State legislature and he plays a major role in the shaping of national education policy, and he played a major role in restructuring the student aid programs.

Again, one aside which illustrates the last point that I made in my opening remarks. Larry was debating as to whether or not he should run for the Congress of the United States. Indeed, he had just come out of politics and for the first time had a settled life and a secure salary. I told him at that time I would do anything possible in terms of both encouraging him and supporting him because I felt it was absolutely essential to have one knowledgeable in education be in the ring in terms of our political process. I am not ashamed to say that I called up college presidents across this State saying, if you want to serve your interests then let this man leave his job to make this run.

I am glad to say that my efforts were successful. He did run, he was elected and now he is one of the strongest voices in the House of Representatives for the cause which brings us all together here this morning. Larry DeNardis. [Applause.]

STATEMENT OF HON. LAWRENCE J. DeNARDIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CONNECTICUT

Mr. DeNardis. Senator Weicker, thank you very much, first for bringing your subcommittee here to Connecticut and also for your very kind remarks. I truly appreciate having the opportunity to be here this morning to discuss this issue. I want to say first, however, that you are mistaken, I think, sir, about one thing. You have many, many friends in the Republican Party and you will find that to be the case next July in Hartford when the State convention meets. [Applause.]

You have indicated that I have spent my entire adult life in education, indeed, in higher education. Therefore, I am not only familiar with the programs that are under scrutiny in this hearing but very aware of the important role that these programs have played in providing access to higher education and I firmly believe that every effort should be made to preserve the Federal commitment so that each citizen, regardless of economic means, will continue to have the opportunity to develop his or her natural talent and contribute to our society.

I want to say right at the top that 1981 was an extremely difficult year in which a number of decisions were made, some of which were unpopular with the world of higher education, but I have to say, quite frankly, some of the decisions were necessary. I am going to refer to one program at the outset that I had a great deal of involvement with, and that is the guaranteed student loan program.

I believe that the Congress in 1978 erred in removing the income lid on that program. In making that program available to all regardless of income from 1978 to 1981, we saw the costs of the GSL program balloon. The number of loans outstanding tripled and it put the administration in the position of having to ask for a reimposition of the lid, the eligibility lid that existed in that program from its inception in 1965 to 1978.

In 1978 the lid was $25,000 adjusted gross income. Families with that level of income or less had access to the $2,500 undergraduate student loan at the subsidized rate, which at that point was 7 percent. The income lid should have been increased in 1978 because of the ravages of inflation already manifest in our society. It should have been raised and perhaps raised again between 1978 and 1981. But to permit families with incomes of $100,000, $200,000, $300,000 or more, sons and daughters of some very wealthy people in this country, including sons and daughters of some very wealthy people in this State having access to that money, that precious federally subsidized money, to use it as a cheap source of income capital, of investment capital was wrong.

So I want to put myself on record as supporting the reimposition of the lid for that program. I worked very hard and long hours as a member of the Subcommittee on Postsecondary Education on the House side and as a conferee with your colleague, Senator Stafford, and others in writing the details of the new program.

We compromised at $30,000 being a figure that would permit unquestioned access to the program. We worked out a formula so that if a family was over $30,000 adjusted gross income they would go into a formula system whereby their family income in excess of $30,000 measured against expenses, measured against the cost of attendance of the students in the family who were attending college and other factors would produce a number which would make that family eligible for a guaranteed student loan.

I did a number of calculations with the help of very valuable and experienced staff members and a computer. We did computer runs ad infinitum and found that a family of four, for example, with an income of $47,000 or $48,000, having the normal expenses that a family of four would have, having a son or daughter at a moderate to high-priced institution of higher learning would still be eligible to receive under the 1981 rewrite, a GSL.

In fact, just for the sake of inquiry, I did a run with a family of $80,000 income with pretty heavy expenses with three children in college, one at a private institution, two at a public institution and found that all three students would be eligible for full or partial guaranteed student loans under the 1981 rewrite.

My point is that at least with respect to the GSL program I think we imposed some limitations that were necessary given the budget stringencies that we face and will continue to face. I make no apologies for the final product at least in the area of the GSL last year. But I say, after all the work that was invested in that on the House side, the Senate side and finally the long hours that we spent with it in conference that it is a program that I don't want to see touched for another few years to come. And then, when we do touch it I want to see us raise that $30,000 first step up higher.

I do not agree with the recommendations that have been made this year by the administration which include applying the needs analysis to students at all income levels because I know the components of that formula that are presently existent and the components of the formula that the administration is proposing and the needs analysis test would bring the program down to about $22,000 or $23,000 as a lid for access to the program. I oppose that change. In fact, I oppose all the changes that have been recommended for the GSL program after the exhaustive rewrite that we underwent last year. The administration wants to increase the origination fee to 10 percent from 5 percent. When we adopted the 5 percent loan origination fee last year and it was a hotly contested revision we did so in order to reduce the interest subsidies the Government would have to pay the banks. But to raise it from 5 percent to 10 percent in 1 year, I think is uncalled for and exorbitant and I oppose that.

I also oppose most strenuously the end of the program with respect to graduate and professional students. That I think would be an utter travesty. [Applause.]

In fact, I may get into some trouble with my friends who are in the business of educating undergraduates when I say at this point that it is almost more important to have the guaranteed student loan program at the graduate level than it is at the undergraduate, not that I want to sacrifice one for the other. I simply say that to emphasize the importance of having that kind of program available to our graduate students, and I think that's in line with your general discussion of the role of education in our Nation's future.

There are other aspects of the GSL program which are recommended for change. I want to say flatly that I oppose any changes in the GSL program after the work that we did last year. Pell grants would be altered by increasing the percentage of discretionary income. That is the income which remains after a reserve for basic family expenses is subtracted. That percentage would be increased under the administration's current proposal so that families would have to—in effect, that change would rule a number of families out of eligibility.

By my estimate, the number of students receiving assistance nationwide would be reduced, by virtue of that change, from 2.5 million in academic year 1982-83 to 1.8 million. Under the administration's proposal with respect to some other programs, the so-called campus-based aid programs, that is, the supplemental educational opportunity grant, SEOG, the college work-study, the national direct student loan, this is assistance which is distributed at the discretion of school financial aid officers to meet individual student financial need.

They, under the administration's proposal, would be reduced tremendously.

I want to say a word about the effect of this request from the administration in all of the student financial assistance categories, the effect that it would have on New England and Connecticut as part of this region.

Senator Weicker, I have just been asked to co-chair a new committee that is being established in New England in our New England Congressional Caucus. It is a committee on education and the economy in our six-State region of the United States. We are going to begin to undertake an examination of the precise role of education in our New England economy.

I know even before undertaking that study, which will take us all over New England to the major industrial and educational centers of this six-State region, I know even before we begin that study that the recommendations that are made by the administration would have a devastating effect on the interface between education and our future economy in New England.

The new economy of Connecticut, of the other five States, depends for its health on a highly education and innovative work force, a work force that is increasingly involved in this area of the country in computers, precision instruments, health care, business management, technology based manufacturing, research and development, in such fields as biogenetics, forestry, marine science, agriculture and so on.

These are all areas where people can only prepare through the higher education facilities in this country, which we have in abundance here in New England in both the public sector and the private sector. Thus, a reduction in the number of college and university educated men and women for New England will harm our region's knowledge intensive economy.

So I think it is more than a matter of general principle that we resist these cuts. It is a matter of provincialism in terms of our economy here in Connecticut and throughout New England. It will become a regional question for us, I am sure.

There are other things that I would say about this matter but I'm sure, looking at the very impressive list of witnesses that you will have before you today, Senator Weicker, that many of the points that I would make will be brought out with greater eloquence by the university presidents and financial aid officers, students and others who will testify today.

Let me say that the reductions in Federal funds for student assistance that are now being pressed I think will produce enormously far reaching and negative consequences eroding our economy, eroding our hoped for increased productivity in this country, our hopes for renewed prosperity, our hopes for being able to compete on a world scale with nations that are close at our heels.

Having just come back from an extensive and exhaustive visit to Japan, I had my eyes opened about what the Japanese are about. We have all read about it. We have all seen films about it. We have all heard tell about it. I had a chance to see it firsthand. They mean business. They mean to become No. 1, at least in a nonmilitary sense, and they have made major strides in their educational system and in their economy toward that end.

We live in a global village and we've got to think in those terms. That's why we cannot take a step backward, and I want to say just a word, finally about colleges and universities as institutions because I believe that these financial aid cutbacks will endanger our colleges and universities. I believe that strong colleges and universities are indispensable to a free and flourishing society, and I think that consideration has to be taken into account.

And, finally, of course, for the individuals involved these cutbacks will be discouraging and will frustrate the hopes and aspirations of many talented and motivated Americans who want to further their education. Enough is enough. Last year we had to undergo some changes, some of which, as I've indicated, I thought necessary. Others went beyond what I thought was appropriate.

Nevertheless, 1981 was 1981. In 1982 we should not touch any of these programs except to improve them and if we can't improve them, leave them be. Hopefully in 1983, with a bit of resurgence in the economy we can then address them again with a view toward improving them.

And I want to say again to you, Senator Weicker, I happen to know firsthand the role that you played on the Senate side. My job on the House side was a little easier because we had a little stronger majority in support of these programs, both Democrats and a fair number of Republicans, like myself, who didn't want to harm these programs.

But I know, in your chamber and particularly in the committee that you brought here today by your presence and with staff, that you and Senator Stafford were the swing necessary votes on these items and a whole host of other items. There are two people in the U.S. Senate with respect to a whole range of education and human resource programs that made the difference in 1981 between some draconian cuts and cuts that we have had to accommodate and live with and I know that you are about to play that role again this year, and I personally thank you.

Senator **Weicker**. Thank you very much, Congressman. [Applause.]

The first panel consists of John DiBiaggio, the president of the University of Connecticut; Don James, president of Central Connecticut State College; William Krummel, president of Norwalk State Technical College, and Richard Turner, president of South Central Community College.

STATEMENTS OF JOHN DiBIAGGIO, PRESIDENT, UNIVERSITY OF CONNECTICUT; F. DON JAMES, PRESIDENT, CENTRAL CONNECTICUT STATE COLLEGE; RICHARD TURNER, PRESIDENT, SOUTH CENTRAL COMMUNITY COLLEGE; AND WILLIAM M. KRUMMEL, NORWALK STATE TECHNICAL COLLEGE, A PANEL

Mr. **DiBiaggio**. Thank you, Senator. I am indeed most pleased to be given this opportunity to testify before your committee on a subject of grave importance to all of higher education, and that is, of course, student aid.

I needn't tell you, Senator, that the Federal Government has had an over 20-year commitment to assisting students in realizing their full potential through a college or a university education. As a matter of fact, each and every President, regardless of party, during that period of time has reiterated that commitment. And the last elected Republican President stated unequivocably, and I quote:

> No qualified student who wants to go to college should be barred by lack of money.

That commitment was translated under that president to the BEOG programs, the basic education opportunity grant programs, which have now been retitled the Pell grants, as you are well aware. However, the three rounds of cuts that we suffered through this last year by the administration have effectively repealed the provisions of that act while income eligibility standards have been lowered extensively.

Allow me to illustrate if I might, Senator, what those proposed cuts in Federal student financial aid will mean to the University of Connecticut. We are a medium-size State university, as you are well aware, and therefore I think that we are fairly representative of State universities throughout this great Nation.

In essence, sir, the students at this university stand to lose, if you were to approve the administration's proposals, some $21 million in student aid, student aid that now applies to both our undergraduate and graduate students. Over 6,000 students who are already ineligible under guaranteed student loans have suffered through such a reduction or will suffer through it this current fall. The remaining 5,500 students in this category will receive, of course, considerably diminished assistance. The full effect of those modifications in guaranteed student loans made this fall will be felt most profoundly in academic year 1982–83. As you know, they were approved last October but by that time they couldn't impact on the guaranteed student loan program for this year.

In essence, that new program for guaranteed student loans, as Congressman DeNardis has pointed out, will decrease eligibility by raising the income under which students are competitive for those loans to $30,000. In addition, students will be asked to pay a 5-percent origination fee. And I needn't tell you that the President has recommended that that fee be increased to 10 percent in the coming year.

Thus, if a student who has a loan cap of $2,500 were to actually borrow that $2,500 he would only receive $2,250, paying the 10-percent origination fee. And that in face of the fact that this institution, like all institutions throughout the Nation, has been compelled to increase its tuition. At this institution increase in tuition and fees will approximate 11 percent. So you can see how that compounds the problem; 11-percent increase of cost, 10-percent reduction in loan, a loss of 20 percent, if you will.

But more disturbing, as Congressman DeNardis has pointed out, would be the move to ban altogether graduate and professional students from participation in the guaranteed student loan program. Let me point out to you, sir, that at this university alone 2,145 graduate and professional students borrowed over $8 million under this program during this current year. The administration contends that these students would now be eligible for the auxiliary loan to assist students program which has, I think, a very interesting acronym, ALAS, and perhaps an appropriate one.

However, unlike the GSL's, under this program repayment must start 60 days after the loan is received. More importantly, it is at a 14-percent interest rate rather than a 9-percent interest rate of GSL's. And perhaps more importantly of all, very few banks in Connecticut have chosen to participate in the program because obviously these graduate and professional students lack the collateral necessary to obtain the loans.

Now we have done a graduate student recipient profile for you. That shows that 80 percent of our graduate students are independent students earning less than $10,000 a year, or they come from families that earn less than $10,000 a year. In fact, Senator, 50 percent of those students earn less than $1,000 a year.

Well, if you appreciate, therefore, what the impact of this elimination of graduate and professional students from the guaranteed student loan program might mean, I think it becomes very clear that its effect on our graduate and professional programs at our university would be devastating.

Unfortunately, while that is 1982–83 and that's terribly bleak, the outlook for 1983–84 is even worse. The administration could have suggested, of course, a steady level of funding which would have been very difficult for our students but I think we might have survived. However, the administration now proposes that the supplemental educational opportunity grants and the national direct student loan programs be totally abolished. If this were to come about about 1,300 of the neediest students at this university would lose approximately $700,000 in student aid.

We would take care of those students in greatest need, of course, through other mechanisms. But the 3,500 remaining students in that category who we classify as high need would receive drastically diminished awards.

Most distressing of all in the administration proposals is the proposal that Pell grants be reduced even further. Now, at our institution this entitlement program supports 2,800 students and those students rank among our most financially disadvantaged. The loss to these students would approximate $1 million under the administration's proposal, which translates very conservatively into 1,600 students losing up to $900 each.

The recently enacted phase out of social security benefits for dependent children in higher education will amount to on this campus alone, some 750 students for the coming fall semester. Now, there are over 900 social security dependents at this institution at this time. Some of those, of course, will graduate in June. But there would remain eligible 750 who will be next year's sophomores, juniors, and seniors. They will still be covered, but under a declining formula because in addition there will be a discontinuance of the summer assistant payments to those students and a gradual reduction of the entire program through 1985.

Furthermore, and this I find to be quite incredible, the students with the greatest need will be losing Pell grant support as well because under that proposal social security contributions must now be credited against the Pell grant award.

The outcome of all these actions is quite obvious. Students will be compelled, if they can, to turn to the only other available form of self support which they might have, and that is a productive job. In fact, I can point out to you that nearly 2,200 University of Connecticut students, at this time, earn over $1.1 million annually working in our laboratories, in our library and otherwise assisting our administration. But those students are funded primarily through the college work-study program, and the administration has suggested that that program be reduced as well. In fact, if the administration proposals were accepted and approved by the Congress it would mean the elimination of some 200 job opportunities this coming year and as many as 400 the following year.

And that seems to me, sir, parenthetically, to be antithetical to what the administration says is its firm commitment, its belief that those of us in the society should earn our way. Well then, why not give the students the opportunity to earn their way by maintaining the college work-study program.

However, there is yet still another and, I think, more subtle effect of these decreases in student aid that have come about and which are proposed. We have found, sir, as have a number of other public institutions, that students are now being driven from the private to the public sector.

Our applicant pool increased significantly this year and, as a matter of fact, our applicant pool is increasing for next year once again. But not only did our applicant pool increase but our yield increased as well. That is, the percentage of students that we accepted who actually chose to enroll increased. That has meant crowded dormitories to us and it's meant crowded classrooms. But it's also meant that students who might have gone to the private sector have opted instead to come to the public sector.

Now my fear, and it might be surprising that I would have a fear of that kind of action because obviously it should be of great assistance to an institution such as ours both in applicant numbers and in quality of students who come here, my fear is that such a trend will tend to modify the character of public institutions by increasing the number of affluent students enrolled and by diminishing access to students from more disadvantaged backgrounds.

In addition, it would be damaging to the programs of private institutions which, in my opinion, provide a vital and important service to our society. In fact, I believe, and I know that you believe that a strong and vital private and public sector in higher education constituted of a very diverse student body is in the ultimate best interest of our entire nation.

In my opinion two factors have been major contributors to the progress of our Nation throughout its brief history. The first has been educational opportunity for all of our citizens regardless of social economic status, predicated only on their intellectual capability.

The second is technological leadership, which has come in great part due to the research which was conducted in university laboratories. I would submit that a diminished commitment to providing adequate student aid would impact on both, by denying access to undergraduate education for the financially disadvantaged and by decreasing the research activities that are an integral part of graduate and professional education.

I trust, in fact, I know that you will not be so shortsighted as to allow this tragedy to occur. Thank you.

[The prepared statement of Mr. DiBiaggio follows:]

Testimony Before the

Field Hearing of the Unites States
Senate Subcommittee on Education

February 19, 1982

Dr. John A. DiBiaggio, President
The University of Connecticut

I am most pleased to be given the opportunity to testify before this Committee on a subject of grave importance to the vast majority of students currently enrolled in higher education, namely, student aid. Along the continuum of the past twenty years, our federal government has demonstrated a firm bi-partisan commitment to assist students in realizing their full potential through a college or university education. As early as 1958, President Eisenhower stated: "If we are to maintain our position of leadership, we must see to it that today's young people are prepared to contribute the maximum to our future progress." This commitment was reaffirmed in the Higher Education Act of 1965. Supporting that legislation, President Johnson concluded that expanded student aid programs were designed to encourage "every child to get as much education as he had the ability to take." In 1970, Richard Nixon declared in his message to Congress that: "No qualified student who wants to go to college should be barred by lack of money." The resulting legislation established what has now become the Pell Grant Program. In 1978, the Middle Income Student Assistance Act expanded the definition of need extensively, and in 1980, the Education Amendments improved benefits for all eligible students.

However, the three rounds of cuts last year by this administration have effectively repealed the provisions of that Act, while income eligibility standards have been lowered beyond those that existed before the 1978 and 1980 legislation.

In order to place the magnitude of these actions in proper context, allow me to illustrate what these proposed modifications in the federal financial aid program mean to the University of Connecticut, a medium-sized state university and, therefore somewhat representative of state universities throughout the nation. In essence, the students at our university stand to lose approximately $21.3 million in available student aid. This is a reduction of nearly 40% of all student aid supporting our undergraduate and graduate student population. Over 6000 students are already ineligible for Guaranteed Student Loans, due to changes made this past fall; most of the remaining 5500 students will receive considerably diminished assistance. And all of these changes are coming at a time when tuition and fees at our institution will rise by over 11%.

The full effect of the modifications of the Guaranteed Student Loan Program made last October will be felt most profoundly in academic year 1982-83. As stated earlier, over 6000 students will be ineligible under the proposed regulations, which deny eligibility to most students from families whose incomes are greater than $30,000. In addition, needy students who are eligible must now pay a 5% loan origination fee, which in essence diminishes the available money for tuition and other costs. As you are well aware, the

President's budget calls for an increase of the origination fee to 10%, while keeping the loan amount capped at $2500. Thus, while the student would borrow $2500, he would receive only $2250.

If Congress enacts the administration's proposal to limit eligibility to "unmet need," over 3000 of our neediest students would stand to lose an additional $4 million of loan aid. The "unmet need" provision would inhibit accessibility as much at public as at private institutions, because of the smaller gap between the total cost of public education and available aid.

Most disturbing would be the move to ban graduate and professional students from participation in the Guaranteed Student Loan Program. At our university alone, over 2145 graduate and professional students borrowed over $8.275 million under this program during the current year. The administration maintains that these students would be able to use the Auxiliary Loans to Assist Students (ALAS) Program, whereby monies can be borrowed at a 14% interest rate. However, unlike G.S.L., under this program, repayment must start 60 days after the loan is made. In Connecticut, there are only a few banks participating in the program, and these banks are reluctant to make loans to students, because of their lack of collateral to assure repayment. Our graduate student recipient profile shows that 80% are independent students earning less than $10,000, or that they come from families earning under that amount. Fifty percent of these students earn less than $1000 per year. When one recognizes that all of these students will now be ineligible for guaranteed student loans, it is obvious that the effect on our graduate and professional programs will be devastating. In essence, students will be forced out of graduate and professional schools to seek more immediate and less productive employment elsewhere.

Unfortunately, while 1982-83 appears bleak, the outlook for 1983-84 is even worse. The administration could have suggested a steady level of funding, which would have been difficult for students in and of itself. However, the administration now proposes that the Supplemental Educational Opportunity Grant and the National Direct Student Loan Programs be totally abolished. If this were to come about, 1300 of the neediest students at this university would lose approximately $700,000 in student aid. Of course, we would see to it that the students with the greatest need would continue to receive the fullest aid packages. However, approximately 3500 remaining students, whom we classify as high-need, would receive drastically diminished awards.

Most distressing of all is a proposal to further reduce support of the Pell Grant Program. At our institution, this entitlement program supports 2800 students who rank among our most financially disadvantaged. The loss to these students would approximate $1 million, which translates conservatively into 1600 students losing up to $900 each. Of all the proposed reductions, I find this one to be the most onerous of all, because it impacts on those who have the most critical need.

The recently enacted phaseout of Social Security benefits to dependent children in higher education will affect over 750 students currently enrolled at our university. At this time, there are over 900 recipients, but some will graduate in June. However, even those sophomores, juniors and seniors who will still be covered will face declining support, because of the discontinuance of summer assistance payments and the gradual reduction of the program through 1985. Furthermore, the students with the greatest need will be losing Pell Grant Support, as well, because Social Security contributions must now be credited against the Pell award.

The administration maintains that 80% of these students could qualify for guaranteed student loans. However, these are the very students who, prior to October 1, 1981, qualified for loans up to $2500, which, as we explained earlier, will now be revised downward. The outcome of this action is obvious; students will need to turn to the only other available form of self-support, namely, a productive job. In fact, nearly 2200 University of Connecticut students earn over $1.1 million annually working in our laboratories, our library, and otherwise assisting the administration of our institution. But, the proposed reduction in the College Work Study program will mean the elimination of 200 such job opportunities for the coming year and over 400 in the following year, based on the loss of over $300,000 in those funds.

I would refer you to the chart at the end of my testimony which graphically demonstrates each of the reductions I have described.

However, there is yet another more subtle effect of these decreases in student aid. We have found, as have a number of other public institutions, that students are now being driven from the private to the public sector. Our applicant pool increased significantly this year, as did our "yield", that is the percentage of admitted students who actually enrolled. This increased "yield" has not only resulted in crowded dormitories and classrooms, but has also adversely affected the "yield" at certain private institutions with whom we compete. My fear is that such a trend will tend to modify the character of public institutions by increasing the number of affluent students enrolled and by diminishing access to students from more disadvantaged backgrounds. In addition, it would be damaging to the programs of private institutions which, in my opinion, provide a vital and important service to our society. In essence, a strong and viable private and public sector in higher education, constituted of a diverse student body, is in the ultimate best interests of the nation.

In my opinion, two factors have been major contributors to the progress of this nation throughout its brief history. The first has been educational opportunity for all of its citizens, regardless of socio-economic status, predicated only on intellectual capability. The second is technologic leadership, which has come, in great part, due to research which was conducted in university laboratories. I would submit that a diminished commitment to providing adequate student aid would impact on both, by denying access to undergraduate education for the financially disadvantaged and by decreasing the research activities that are an integral part of graduate and professional education. I trust that you will not be so shortsighted as to allow this tragedy to occur.

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The University of Connecticut

Financial Aid Impacts of Proposed Federal Budget Reductions

	81/82 Estimated	Suggested/ Actual Cuts 82/83	% reduced over 81/82	83/84 Impact	% reduced over 81/82
Pell	$ 2,500,000	$ 2,400,000	(4%)	$ 1,500,000	(40%)
NDSL	231,282	231,282	0	0	(100%)
CWS	1,150,620	1,055,000	(8.3%)	840,000	(27%)
SEOG	481,994	481,994	0	0	(100%)
GSBL	28,400,000	9,100,000	(68%)	9,100,000	(68%)
	$32,763,896	$13,268,276	(60%)	$11,440,000	(65%)

The University of Connecticut

Number of Financial Aid Recipients

Impact of Proposed Federal Budget Reductions

	81/82 Estimate	Suggested/Actual Cuts 82/83	83/84 Impact
Pell	2,800	2,600	1,200
NDSL[1]	460	460	0
CWS	2,125	1,950	1,525
SEOG	900	900	0
GSBL	13,700	6,000[2]	6,000

[1] Represents only the renewed Federal contribution to the loan fund. There will still be approximately $1 million remaining from collections.

[2] Most of the GSBL recipients would also receive another form of financial assistance since bank loans will be redirected to the neediest students.

Senator WEICKER. John, thank you very much. What I intend to do is to let each one speak and then there will be some questions to the panel as a whole.

Mr. JAMES. Senator Weicker, I certainly appreciate the opportunity of representing the State colleges and especially my own college, to appear before you today and let me indicate what already has been indicated by Congressman DeNardis and President DiBiaggio, the appreciation that we in education have for your very strong support of what we stand for in trying to be sure that we provide opportunities for all students regardless of financial background, to higher education.

I am going to speak primarily for Central, even though there are four State colleges in the State of Connecticut, as you know, representing 30,000 students full time and part time, the largest system, if we call it a system, in the State of Connecticut serving this State.

I would like to speak very particularly to our college because I think it illustrates the impact of these reductions in student aid or proposed reductions, on a college such as ours. Let me describe our typical financial aid student.

In the first place, it incorporates a majority of our student body. We have $10.5 million in financial aid at Central serving 4,555 students, 67 percent of our entire student body. Out of these funds, 94.8 percent are Federal funds, so the impact of Federal cuts have an impact throughout our entire financial aid program.

Our student population comes primarily from Connecticut. Ninety-eight percent of our students are Connecticut residents. Ninety percent of our graduates reside in the State of Connecticut so there's a very direct impact on the economy and the society of our State by these proposed cuts.

Most of our students come primarily from the middle income families, the ones that will be most hard hit by the proposed cuts. Eighty-two percent of our recipients of campus-based aid programs are dependent undergrads, 69 percent of the recipients of the Pell grant. Eighty-five percent of these recipients represent families whose income is below $30,000, certainly the area, once again, that would be hardest hit by the proposed cuts.

Now let me deal with each of these in particular giving some facts regarding Central. The Pell grant program, which is, of course, the heart of the financial aid program, represents 10.2 percent of the CCSC total funding, affects 1,275 students, 18 percent of our student body.

The proposed cut for fiscal year 1983 of 40 percent would impact on a tremendous number of students who are depending upon this to go through a college such as Central. Seventy-one percent of our dependent recipients are threatened by these cuts. Certainly the fact that the SEOG, the NDSL programs would be cut completely means that there would be no alternatives left to the families and to the students who represent families of the middle income area.

I agree with President DiBiaggio that one of the most serious cuts is in the college work-study program. Here the administration has indicated and the Federal Government has traditionally indicated, that this is the most appropriate form of campus-based aid that appears in the current budget proposal and yet there is a cut of 27.8 percent from this particular program.

I might add to what President DiBiaggio indicated, not only does this provide work for our students, it provides aid for our colleges. As a matter of fact, I'm sure our colleges would find difficulty in carrying out our mission were it not for the students that are employed under college work-study at our institutions.

I agree with President DiBiaggio that these cuts are going to affect the student makeup of colleges such as ours, I think even more so than at the university because most of our students do come from that middle-income bracket. We are very much concerned that what it will do as other students begin to pour into Central because they cannot afford the private colleges, it is going to cut out the lower income students from the possibility of higher education.

The guaranteed student loan program which at Central is 79 percent of our total funding affecting 3,772 students; 55 percent of our student body is also of very great concern. In the first place, this origination fee going from 5 to 10 percent, as has already been stated, will have a tremendous impact. The $250 difference perhaps does not sound great but for a student who has no other source of income it will be a major impact on their ability to continue higher education.

The requirement of all students to demonstrate financial need, very candidly, I agree with. I agree with Congressman DeNardis regarding this, but we want to be sure that those students who most need financial aid are the ones that will receive it.

Certainly though, I have great concern over the requirement of the students to repay loans at the market rates 2 years after they leave college, which is proposed in fiscal year 1983 budget. This will make the cost of borrowing more expensive. I think it will impose an excessive and unrealistic debt on most of our students.

Right now, the typical student at Central who is graduating owes more than $6,000 to this program, a sum that must be returned. By the way, speaking of that, I would indicate the concern all of us have for the default that has been so widely advertised through the national press. I think that all of us not only have taken steps in the past but are improving those steps to be sure that all Federal aid is properly administered.

Our default rate on the NDSL at Central was only 5.4 percent and we are continuing a policy we have had in effect for 5 years to collect the IRS tax returns to verify the income and to be sure that the Federal money is going to the students who most need that money.

I would echo the concern on the social security education benefits, those benefits that will cease as of May 1982 for students. After that time, the concern is that this is going to impact the most needy students for financial aid and this will certainly impact the reduced financial aid we have for others too.

At Central, 21 percent of our students receive a kind of grant assistance, the outright gift. Out of the 21 percent two-thirds of those are also involved in the self-help assistance; that is, they are also incurring the obligations for payback for the college work-study;

$8.7 million coming to Central, affecting over 4,000 students, 88 percent of all our financial aid recipients, are involved in the guaranteed student loan or the college work-study. That is, these students are inflicting an obligation to pay back or they are working.

Further, we estimate at Central that around 90 percent of our students are working at one time or another to help finance their education. I emphasize this, Senator, because I feel very keenly that the misnomer abroad in the public that financial aid is a give-away is not the case. When you think that 88 percent of our students on financial aid are incurring the debt to pay back to society, or are working in order to provide their financial education, this is no give-away program.

I also feel very keenly that as we look at these programs, and I concur with the statement that you made initially, we feel so keenly it has been the possibility of this country of making access for all students, regardless of financial need, to the higher education opportunities.

And I am very firmly convinced that if the proposed budget for fiscal year 1983 were to be adopted we would find a critical problem of access for so many students to higher education, very much concern that not only would these students be affected but that we would lose the great value that we have for society.

Again, using Central as an example, 90 percent of our alumni live in the State of Connecticut, are working, productive, taxpaying citizens. I am very firmly convinced that were it not for the opportunity for these students to go to a college such as ours, the whole society in our State would be the loser.

The investment that the Federal Government, that our State government is making is an investment and our history shows has been repaid over and over. We are deeply appreciative of your strong support. It is a welcome opportunity for us not only to testify personally but to submit written material that we hope will aid you and enable you to carry out the fight that you're doing.

We thank you, Senator Weicker, very much.

Senator WEICKER. Thank you very much.

I think, aside from the facts that each one of you were citing in your statements, this for the first time, I think, is bringing home to the people of Connecticut what is actually happening at the universities. They read about a "Federal budget," they read about "Reaganomics," they read about cuts in education. Now it is being related to numbers of students, programs utilized, and what it will mean for the future. I think that aside from the knowledge which I am gaining to go back into the Appropriations Committee, maybe this will now bring it all home as far as 3½ million people in Connecticut are concerned.

President Turner of South Central Community College.

Mr. TURNER. Senator Weicker, I thank you for inviting me to participate in this panel and I hope that my comments will be helpful.

As I speak on behalf of South Central Community College I will repeat points mentioned by fellow panel members but I think that the common concerns arrived at separately only underline the consistency of our positions regarding the seriousness of the proposed cuts.

Community colleges have served a large proportion of low income first generation students, including a large minority population. Many persons attending these postsecondary institutions had thought of college as beyond reach because of anticipated geographical, economic, psychological, sociological, or physical barriers.

The community colleges have enabled many, many persons to overcome these hurdles and to obtain educational and occupational success, contributing to the well-being of our State and our Nation. Minority students, particularly blacks and Hispanics, have been enrolled in community colleges in relatively large numbers.

Fall 1980 statistics reveal 3,098 blacks and 794 Hispanics among the 34,024 students in the State's 12 community colleges. Women have comprised approximately 65 percent of the total general fund enrollment.

These groups, as well as less affluent whites, have been representative of the broad range of backgrounds of community college students. The location of community colleges for easy access of students to public and private transportation has accommodated daily commuting but just as important, it has facilitated continuous employment of students who have not been able to afford to give up jobs to study full time.

Federal financial assistance to needy students has been the most significant factor affecting their ability to attend college. It is inconceivable, Senator Weicker, that the important role of education as a key factor in employment and economic well being could have been so grossly ignored in the Reagan administration's efforts to establish a realistic budget and bring about economic recovery.

The impact of these proposals upon the neediest of our citizens, including many minorities, would be especially severe. The concept of equal educational opportunity would never become a reality. Even now, because of recent cutbacks, financial aid is not available in amounts needed to assist all qualified persons in achieving their educational goals.

At South Central Community College, ideally located in New Haven's Long Wharf Industrial Park along I-95 and Long Island Sound, approximately 24 percent of our 2,000-plus students received Pell grants in fall 1981. If the proposed 40 percent reduction in Pell grants nationally should be passed onto our college, along with the simultaneous reductions in the amount of the maximum award for our students, lowered income eligibility limits, additional rules affecting grants to students with family incomes of more than $11,000, removal from consideration the number of children the family has in college, and restriction of living expenses considered in determining financial aid, the effect would be overwhelming for students who have had no alternative thus far for financial aid.

If supplemental educational opportunity grants should be eliminated; if national direct student loans should be eliminated; if State student incentive grants should be eliminated; if the college work-study programs should be reduced by 28 percent down from 30, where would poor students turn for help?

Certainly many of our potential students would not be able to find employment for they would lack the required educational background, skills, and experience needed to compete for jobs in our increasingly technological labor market. The point is that the Reagan administration offers no alternatives for the poor student. There is no bread and no cake is being offered either.

Who then will be responsible for providing meaningful alternative solutions to potential problems facing millions of displaced college students. If only one phase of financial assistance were being proposed for extinction or cutbacks in favor of another the proposals might be more realistic.

For example, if college work study reportedly regarded as the most desirable form of financial aid by the Reagan administration, were to receive substantial increases in allocations to offset comparable reductions in another financial aid program, that would be the appearance at least of reasonableness.

Do we sit quietly by and allow the baby to be tossed out with the bathwater. Certainly some reforms would be considered sensible in view of our economic status. Everything simply cannot occur at once, however, without irreparable harm to the country.

I do not believe that the proposed financial aid cuts would result in a lower total enrollment at South Central Community College. Rather, the composition of student body would change, as has been indicated earlier. We would enroll more middle-income students who could afford our tuition and fees. There would be a drastic reduction in minority enrollment.

This would result, I expect, from the spillover effect of students from high cost private institutions shifting to the University of Connecticut, to the State colleges, and to the community colleges. Where would the neediest community college students shift to obtain a postsecondary education? What would happen to the large number of women currently attending South Central and other community colleges, many of whom are heads of households, many of whom are providing essential income to supplement that of their husbands, or who are preparing to supplement such income?

How do we keep the neediest of our current students off of the welfare rolls without providing them the financial assistance they need to obtain access to our educational system? Have we forgotten the fact that education is an important economic investment.

I encourage you and your committee, Senator Weicker, to continue your strong support for the student financial aid programs and to oppose the elimination of severe cutbacks proposed by the Reagan administration. There's too much uncertainty pervading our great Nation. We must restore a feeling of hope and confidence in what the future has in store for us. Thank you very much.

Now we have President Krummel of Norwalk State Technical College.

Mr. KRUMMEL. Thank you, Senator Weicker. I represent the smallest higher educational system in Connecticut but, I believe, one that has a very critical role in Connecticut life, particularly in its economy, and I will talk a little bit about that further in my remarks.

But, Senator, permit me to introduce these remarks with what I regard as a revealing incident that actually occurred recently at Norwalk State Technical College. The chairman of our mechanical engineering technology program dropped into the office of the college's only counselor, who also doubles as a financial aid officer, and the conversation went something like this:

"Genetia"—last name left out—"is falling asleep in my mechanisms class. You know, she has this late night job at United Parcel Service in order to help with family expenses but she's too good a student to lose. Why can't you fix her up with some financial aid to take the pressure off her so that she can concentrate on her studies?"

Senator, the major elements of this archetypical tale are: First, that we have here a typical technical college academically demanding program, probably the most demanding of any 2-year program, leaving the student with less time and energy for outside work.

Second, we have here a typical technical college from the lower middle class or blue collar socio-economic group. Third, a typical technical college student with the strong work ethic, "I don't need government handouts."

There is one atypical element in this story, it is a girl. Most of our students are actually male. At Norwalk State Technical College, it is estimated for this year that we will have a record $708,599 of financial aid distributed to 380 students.

Our September enrollment showed 643 full-time and 144 part-time students in the day, and 17 full-time and 1,138 part-time students in the evening, a total head count at our college of 1,942 students. Approximately 95 percent of the recipients of financial aid are day full-time students.

Thus, almost 60 percent of our full-time day students are recipients of financial aid. Further analysis shows that over 80 percent of estimated financial aid for this year will be in the guaranteed student loan program and 14 percent in the Pell grants.

Work-study programs at the college presently attract relatively few takers although the college can very much use student work and I think some explanation for this is in order because I think this is a critical point, what we're leading up to here.

Our, mostly male, students can earn higher hourly pay at outside jobs and at present the college jobs are mostly clerical, not attractive to our technical students. We do believe that work-study has potential as a much more satisfying form of financial aid and we at Norwalk State College are developing tutoring programs, laboratory aid programs that have the prospect of offering more challenging use of our skilled student workers.

I might add, I think one of the tactics perhaps that we should be pursuing under these present critical times is preparing plans for programs that we think are going to be valuable to us and we should be pushing those rather than reacting in a strictly defensive manner.

Let me talk a little bit about our technical colleges again. The primary purpose of our college is to prepare men and women for employment as engineering technicians in Connecticut business and industry. A secondary purpose is to enable students who so wish to transfer to a 4-year baccalaureate program in engineering technologies or science.

For either mission it is essential that the technical colleges continue to strengthen the academic quality of their programs and to intensify their technical offerings in order to properly meet the demands for quality technicians and engineers. Graduates of the technical colleges are a vital ingredient in a healthy Connecticut economy, particularly when Connecticut is seeking to develop a high technology base. The squeeze is on the student.

The student is asked to perform in his or her studies at maximum effectiveness while at the same time necessary financial support is taken away. The choice for the student is to try to get by with just the required minimum of academic effort, or drop out entirely, or drop back to part-time study and prolonging the years of college preparation.

Any of these alternatives is destructive of the college's mission, wasteful for the State and, most important of all, wasteful of our human resources. The proposed elimination of campus-based financial aid programs, an estimated 20- to 40-percent cut in the Pell grants, 20- to 40-percent cut in government student loans would reduce the estimated total financial aid awarded a number of recipients at our college to less than 75 percent of this year's expected level.

Senator, this may not appear to be all that disastrous but the cut should be seen as taking place at a time when the technical colleges are just beginning to make use of this resource and when financial aid assistance to technical students should be going up instead of down.

Senator, the likely long-range effects on the technical colleges of the continued cutback in financial aid will be to impair academic quality, decrease the number of entering and graduating full-time students. I expect that there will continue to be a shift to a larger ratio of part-time to full-time students, which will have the long-range effect of weakening the institution financially and academically.

The pool of technically competent personnel that the Connecticut economy needs will be diminished. Senator, I appreciate very much the opportunity to give you these remarks and I appreciate very much the efforts that you are making on behalf of Connecticut and particularly its Connecticut educational system. Thank you.

Senator **WEICKER**. Thank you very much. [Applause.]

I have about four or five brief questions which I would appreciate everybody responding to, and also, in light of the number of witnesses that we have following, if you could keep the responses brief I would appreciate it.

No. 1: It is stated that much of the slack created by a lesser Federal role will be taken up by the corporate and charitable sector. Your comments.

Mr. **DIBIAGGIO**. It is a marvelous concept in theory. The New Federalism has a certain appeal, as you are well aware. Certainly all of us would like to see the role of Federal regulation decreased in our lives. Certainly all of us would like to see control placed more at the local level but there's a tacit assumption in that whole process which I do not see coming about as of yet.

That is, the States will assume the burden, and our State has made no gesture whatsoever to assume the burden for students, the subject we are discussing today, and that second, the corporate and the business community will assist in this entire matter.

We intend to give them the opportunity to do so, sir. As one of our initiatives in a capital campaign we have as one of our primary issues financial support for students from disadvantaged backgrounds and hopefully, the corporate community will respond. But we are certain that that will take a period of time and we don't yet see that response, and until then the livelihood, in fact, the very continuation of students at this institution is threatened.

Mr. **James**. Senator, let me indicate very briefly, following what John has just indicated, the same. We are going to the corporate community indicating their support is not only needed but their support is mandatory for their own survival. We are quoting figures of the number of our graduates from Central who are employed by the various employers in Hartford; United Technologies; the insurance companies, to show that they are dependent upon a college such as ours and John certainly could show the same figures for the University of Connecticut.

So we are asking for that. But when I see the figures that 95 percent of all funds coming into our college to help students are Federal funds there is certainly no hope that immediately the corporate sector is going to pick up that kind of a slack. And it becomes overwhelming when you recognize—hopefully, in the long run we will have the corporate sector, picked up part of it, but not 95 percent.

Mr. **Turner**. We have in the State recently the organized State council on education for employment. In the New Haven area the first such regional council, the South Central Regional Council on Education for Employment, with the mission of helping to bridge the communication gap between education and business, this is just beginning, however, and business is just beginning to understand the needs of education and we are hoping to be able to articulate our programs more carefully with the needs of business.

Mr. **Krummel**. Senator, the technical colleges have a very close tie to business and industry. I have a regional advisory council in Norwalk composed of vice presidents of engineering at Nash Engineering, and senior vice presidents of Union Trust, president of Measurement Systems in Norwalk. They are all very strongly committed business and industry people and they have given me a great deal of support. They have given the college a great deal of support and they have even set up a foundation with which to go out and get money from the business and industry community and give it to the college for scholarship, professional development and the like.

And I must say that support is very welcome, it is very important, but I can't see how it can replace Federal support in terms of magnitude and in terms of an orderly process. Going out to get the kind of support that we need to replace the greatly decreasing Federal support to me is chaos. It is catch-as-catch-can. It will not meet our needs. It is needed. It is being given. But I don't see it possibly developing to the point where it can supplant Federal support.

Senator **Weicker**. To follow up on the point made by John, we will have you respond in the opposite way. Again, I gather you already detect a trend of applications which indicates that students are moving across from the private sector into the public institutions. Clearly what that indicates to me is increasing support financial by the State legislature. I would like your observations on that as to what you feel as to whether or not at the present time and the present state of Connecticut's economy you see that additional financial support coming from the State legislature?

Mr. **Krummel**. It is true that in the current budget for 1983 the State technical colleges are getting what you might call some relief in terms of our equipment, but I don't think that reflects the cutback in financial aid or Federal support. I think it more reflects the perception that the technical colleges need that kind of support to carry out their mission to support the Connecticut economy.

Again, I have not detected any large move to replace the loss of Federal support.

Mr. **Turner**. The higher educational system in Connecticut has been operating on a barebones budget for about 10 years. We at South Central have very limited faculty and staff and actually are operating pretty much at capacity so that I'm not sure how many more persons we can serve even though the demand may be greater.

Mr. **James**. Very briefly, Senator, following what my two colleagues have indicated, the level of support of the State of Connecticut for public higher education has been consistently going down over the past 4, 5, 6, 7 years, so I do not think that the State can reverse its position at this stage to accomplish the added support.

Further, in the area of scholarship grants and financial aid the State has a minimal support here. In fact, out of the State supplemental incentive grant [SSIG], one-third of that is Federal funds anyway. We find that about 1 percent of our students are receiving any kind of State aid, so therefore, it would be impossible for the State to reverse itself and to pick up the kind of a slack we are talking about with reduced Federal support.

Mr. **DiBiaggio**. I think, Senator, it is going to take a period of time for the States to be able to gear up to meet this need. But in the State of Connecticut, just to add to what my colleagues have said, statutorily it has been stated that the State will not assume responsibility for any lost Federal programs.

In our case, for instance, we stand to lose this year, as you know, the Bankhead-Jones funds, which support agricultural programs, educational programs that fund at this institution some 10 faculty positions. We have to absorb those 10 faculty positions within our existing funds.

More tragically, the Governor's recommended budget for the university this year is less than our budget for the current year as it was rescinded, not as it was appropriated.

Senator **Weicker**. As you know, the State of Connecticut probably ranks either first or second, depending on the month and the year, in per capita defense spending and if there is one segment of the budget that has not been overlooked it is the commitment to defense.

My question to you is this: Insofar as our State is concerned, who is going to supply the technological and manual skills that will clearly be demanded from the huge outlays put into defense, which outlays, obviously, are going to reach into the State of Connecticut?

In other words, the question that I asked here is a contradiction. The greater demand is going to be placed on those areas of training, whether technologically or manually, at the same time the education budget is being pulled back.

Mr. DiBiaggio. I think President James made the point quite clearly that our institutions produce more of the employees, that is the educated employees, higher educated employees, let me say, for the companies, the corporations in this State than do institutions from any other part of the country.

What that says to me is that students who attend colleges and universities in the State tend to stay in that State. If those students aren't able to attend those colleges or universities because of inadequate support they will migrate to other areas of the country and will not be available in that manpower pool that is going to be critically needed if we are going to fulfill those defense contracts.

I might add, as you well know, Senator, that the proposals for increased defense spending in terms of missiles, et cetera, are not for the kinds of production that is currently going on in our State of Connecticut, and so I don't see that that is particularly going to assist us.

One last comment. I find it unconscienable for an administration to recommend an 18-percent increase in defense spending and, at the same time, a diminution in spending for social programs and, at the same time, a decrease in taxes.

Mr. James. Senator, let me answer very briefly regarding Central. We have a school of technology that now comprises around 10 percent of our full-time undergraduate student body, a school that only came into existence about 5 years ago. We are accepting many of the transfers from the technical colleges who want to go on for a 4-year program. I can get the percentage and I will give this to John later, the exact number of those students who are depending on Federal financial aid in order to receive their educational opportunities, and I think it is a very high percentage.

But the concern that we have is these are the very students who are going to be going into the increasing technology of the State and they are getting their education at institutions such as those represented by the four of us here.

Mr. Turner. Schools like South Central will be participating in developing persons for the technological fields but perhaps not as directly as the tech colleges which will be preparing persons for entry immediately into the technological field. As we prepare persons for transfer to 4-year colleges and for graduate study, we also will be participating.

Mr. Krummel. The problem we have with the tech colleges is that we know that we have to have an academic quality program. The quality comes only through work. The student has to participate in the quality program. He has to be strong in his mathematics achievement, he has to be strong in his science, he has to have technical courses that are relevant to the world around him. These take time and effort.

We cannot rely on a student being able to make it carrying a full-time or three-quarter-time job outside. It is impossible. I had a student in my office yesterday who was interviewing me for a student newspaper. He could barely keep awake. He would come off the job as a security guard at 6 o'clock in the morning and he told me he had taken a quiz in an electronics course just a short while before.

This is going to kill our efforts to bring up our academic quality to the point required by a highly technical industry economic base.

Senator **Weicker**. My last question is you have been living with the fiscal year 1982 budget and you have read about the proposals for fiscal year 1983. You have to prepare for the academic year 1983-84. When is the latest point that you have to know what to count on before you start impacting on your student bodies regardless of what the law says? In other words, you've got to operate de facto at some point regardless of what has actually been passed by the Congress, so at what point, for orderly planning, would you have to know about what is contained in the 1983 fiscal year budget?

Mr. **DiBiaggio**. I don't really think it is a matter of what we have to know. It is what our students and our potential students have to know. Once again let me reiterate that we will have adequate numbers of students in the public sector. That is not the problem.

The problem is what kinds of students will they be, and from what kinds of backgrounds will they come? And how many students will be diverted from a higher education because they are uncertain as to the dollars that will be available to them. We have seen that already, Senator. We could all reiterate tales such as the one that my colleague at the end of the table just gave you.

That is, we have encountered students who have come to us and said, "I simply cannot come back in the fall because I'm not certain of the dollars available so I am going to either transfer or drop out and go to work, or whatever." And we don't know what the cost of that will be ultimately.

I think it is only fair for students to know when they are applying to an institution what kind of dollars will be available to support them, and that means starting now. How soon do we need to know? Yesterday.

Mr. **James**. Senator, I would have to echo what President DiBiaggio indicated. I think what will happen, and we are seeing this, as has already been stated, that some of the students cannot continue in college because of the financial aid, but there will be a shift and it will come too late for us to make any plans for that shift in the kind of students we have.

When our financial aid letters go out in late spring we are finding not only does that affect our students but students from other schools then begin to come and say they cannot afford to go to college X, can they come especially to a public institution.

It negates planning because it all comes at such a late date that we can only try to shift our resources at the appropriate time.

Mr. **Turner**. I expect that our date would be comparable to the dates for the University of Connecticut and State colleges. However, I think there is a misconception of the fact that because students at community colleges are responsible for paying lower tuitions, they somehow have an easier time of it so far as financial aid, but I think the relative problem is the same, that they have a relatively lower income rate and find it more difficult to meet even the lower tuitions.

So they are affected very negatively by the delays.

Senator **Weicker**. I don't want to anger your colleagues, but I want to tell you something. I have the greatest admiration in the world for students at our community colleges. They are not there to do anything else but get that education. That usually involves enormous sacrifice as far as the students are concerned regardless of what age they are because, as you know, they span a great breadth as far as that is concerned.

So, believe me, I fully understand the impact that comes on your colleges.

Mr. **Krummel**. Senator, I think you have practically taken the words out of my mouth. For the students that I see in our technical college, they are from blue collar groups, from lower middle class parents who have never been to college, there are many kids in the family and the question that my students face is "should I be going to college at all?" And right now, with the cutback in financial aid, their families, and they themselves, because they are responsible individuals, are thinking "can I afford to take the time out to go to college?"

To them it would seem to be more and more a negative situation. They cannot afford it. Our tuition is very low. It is one of the lowest in the Northeast. But that isn't the point as was just made here. The point is that they have many other responsibilities and obligations.

We want those students because they are good hardworking students. Our technical students are of that type. They continue their education after they leave us, if not full time—30 percent of our students go on full time—they continue studying at night at the University of Bridgeport and Bridgeport Engineering Institute, taking courses at night.

Those students are turned away before even starting by the lack of opportunity financially.

Senator **Weicker**. Gentlemen, I want to thank you very much. I would say your testimony today sends me into battle well prepared. Thank you very much.

The next panel, and this will be the last one in the morning session, consists of John Mancini, a senior at Fairfield Preparatory School, on his way hopefully to college; Holly Koch, an undergraduate student, junior at the University of Hartford; Gioia Mapp, undergraduate student, a senior at Yale University; and Zandrina Alexander, a graduate student at the Medical School of the University of Connecticut.

Zandrina Alexander, why don't you start?

STATEMENTS OF ZANDRINA ALEXANDER, STUDENT, MEDICAL SCHOOL, UNIVERSITY OF CONNECTICUT; HOLLY KOCH, STUDENT, UNIVERSITY OF HARTFORD; GIOIA MAPP, STUDENT, YALE UNIVERSITY; AND, JOHN MANCINI, STUDENT, FAIRFIELD PREPARATORY SCHOOL, A PANEL

Ms. **Alexander**. Senator Weicker, ladies and gentlemen, my name is Zandrina Alexander. I am a third-year medical student at the University of Connecticut. As you know, it is the current administration's stand to end the availability of guaranteed student loans to the graduate and professional students as of April 1 of this year.

The University of Connecticut School of Medicine has enrolled currently 337 students of which 295, which represents 88 percent, require some form of financial aid. Of this financial aid, 87 percent comes from the guaranteed student loan program.

Based on the calculations of our financial aid officer, when the GSL is discontinued this April at least 94 students, which represents one third of our student body, will be forced to drop out of school.

Senator, ladies and gentlemen, I am one of those 94. I applied to medical school at the age of 28, a decidedly poor disadvantaged person and a single parent. I found a place in medical school because I was eligible, because I had the ability, and because I was committed.

I have had a very difficult time of it but I have done well. There is a chance that this may be taken from me. My education has been financed almost completely by loans and these loans have been primarily guaranteed student loans. Even though these loans are reasonable, even though I go to a State school that is reasonably priced, currently I owe $32,000. I still have a year to go.

At least I can afford to pay this at some time in the future, I think. But what I am here to say is that without the GSL I would not have been able to go to medical school and with the GSL I would not be able to finish medical school after all these years.

The worst part of it is that there is no affordable single program that is being offered to replace the GSL. I speak not only for myself but for every poor and middle income student in this country; black as well as white, that we cannot afford to be without a GSL.

The poor and middle income make up the bulk of this society. It is from these ranks that most of the professionals come. We are entitled to an education. I feel this very strongly.

Speaking primarily now as a medical student, currently most of the urban and rural areas are the medically underserved areas in the country. Medical school graduates drawn from these ranks—that is, poor, underserved, rural—are the most likely to return to these areas. So when you are not providing these poor people like myself with aid to go to medical school you are, in effect, depriving a whole segment of the community of medical care in the future.

I must also mention that one of the main issues of the day is cost containment of medical care. What happens when medical education becomes only affordable to the rich and only they will be able to afford medical care. Not only that, when people have to go out and borrow at 19 and 20 percent, the amount of money they are going to have to pay back, they are going to have to go away from primary care. They are going to have to go into all the fancy specialties, which are not what is needed today.

But in order to pay back these loans this is what they are going to have to do. And I understand that the thrust today is to try to get as many people as possible into primary care, and this isn't going to be realized when GSL's are taken away.

What I want to say is that the true cost of discontinuing the GSL will not be the frustrated ambitions of students like myself. But I think, as you said, Senator Weicker, it would be a frustrated ambition of the country as a whole because the bulk of the society would not be able to afford an education.

Also, it will be a frustration for any possible equitable distribution of medical care in the country in the future because, as I said before, when only the wealthy can afford to go to medical school only the wealthy can afford to be served. Thank you.

Senator WEICKER. Zandrina, thank you very much.

Gioia Mapp?

Ms. MAPP. Thank you, Senator Weicker. I would like to thank you for the opportunity to be here today to express my concern over the Reagan administration proposals. Senator, to be truthful, concern is a mild word for how I feel about the pending cuts in financial aid. In truth, I am very angry.

I have been very fortunate to have had the opportunity to attend Yale University. My 4 years have offered me many cultural, intellectual and social benefits which I have enjoyed. But, as a simple matter of fact, these opportunities have been available to me through the Federal student assistance program.

As I approach graduation I am thankful for these opportunities that have prepared me for success in my future but my outrage stems from my fear that I will be one of the last needy students to have an opportunity to take advantage of these benefits.

My written testimony contains many facts and figures concerning the cost of a Yale education and to keep my remarks brief I will just highlight what I'd like to say. For this academic year a student academic budget at Yale was $11,500. Currently, my family and I happened to finance over 50 percent of that and a large part of that financing comes from the fact that I received social security survivor benefits.

The best way for you to understand what these cuts will mean for students in the future is to take a look at my financial aid package as though I were not graduating and I would have another year at Yale.

Simply put, with the decrease in social security survivor benefits, with all calculations, would come out to about a 50-percent decrease of what I currently receive. My financial need for next year would be over 80 percent of the cost to attend Yale University, which will come out to approximately $10,000.

This aid would have to be given to me solely in scholarship because as it stands currently I have only been eligible for a national direct student loan and ineligible for the BEOG, SEOG, and other funds.

Fortunately, Yale University has already made a commitment to meet current student financial need in the event of these changes in the aid program. This would make it almost impossible for the university to continue to fund students at this current rate if they had to finance over the 40 percent of the students who received financial aid at a rate as high as they would have to finance me.

We, the students on financial aid at all universities struggle to meet our current commitments of summer earnings and term time employment. I have personally experienced how Reagan's elimination of Federal summer job programs can make the struggle more difficult.

When you add the pressures of inflation, unemployment and layoffs, parents and students alike, would find it virtually impossible to earn the extra funds needed to fill the gap if extra scholarships weren't available.

But, as I said, universities like Yale could not indefinitely meet the extra need. They have proposed that they would be able to meet the need for all students currently enrolled at Yale. That would be through the class of 1986. After that point, it has already been proposed that Yale would have to switch to a admit-deny policy.

It would still admit students without regard to income but it would only meet the full financial need of some of them. This policy would effectively deny some qualified students from entering Yale College. My greatest fear is that if Yale is forced to go to such a policy, as well as other universities, that the diversity of applicant pools, as mentioned by many of the presidents who spoke before me, would be greatly decreased.

Yale is very proud of the diversity of its applicant pool and, simply, these budget cuts would mean that a Yale education, as well as education at other universities, would only be available to those who could meet its full expense.

I hope that I've left you with the same concerns that I have. I do not want to see the number of students who are deprived of the opportunity to receive a college education rise. I ask you, Senator Weicker, to give consideration to the facts I have presented.

The Reagan administration proposals to reduce Federal student financial aid assistance represent a stifling of our Nation's most important resource. An educated citizenry is a necessity. I fear President Reagan's proposals because I believe strongly that the opportunities for a college education must be made available to all who desire it.

Young men and women cannot abandon their goals due to the prohibitive cost of education. The limited resources we currently have to aid them must be distributed according to the ability to benefit and I believe society will always gain from the maintenance of programs which support education. Thank you.

Senator **WEICKER**. Thank you very much.

Holly Koch?

Ms. **KOCH**. Thank you, Senator Weicker, for inviting me to testify. I would like to say that I attend the University of Hartford, which is a private institution. The Austin, Dunn and Barney School of Business is the school I am enrolled in as an economics finance major. I am in my second semester, junior year and intend to graduate with a bachelor of science degree in May of 1983.

Initially, I applied for admission at the University of Connecticut, the University of Massachusetts, Central Connecticut State College, and the University of Hartford. Although the estimated budget for the University of Hartford was much higher than the other institutions, the Office of Student Financial Assistance bailed me out and offered significantly more in financial assistance.

Therefore, I enrolled as a freshman in 1979. Coming from a single parent family has dictated that I earn my own way and pay for my own college expenses. I do not receive any moneys from either parent or any relatives to subsidize my education. I am entirely dependent upon the financial assistance programs offered through the university and upon what summer employment I can find.

Working 3 months each summer provides enough income to pay for most of my living expenses during the school year. I also work approximately 15 hours each week during the academic year to pay for my grocery bills and miscellaneous expenses and, yes, I am one of those students who goes to class with circles under her eyes sometimes because she is tired from working part-time jobs.

For the past 3 years I have followed procedures in applying for financial assistance and in return I have received adequate amounts of funding from a variety of sources; Federal, State, local, and university. Each academic year my estimated financial need budget is determined and the university attempts to match this figure with their pool of available funds.

For example, the financial need figure for my freshman year was $4,018 and the university provided $4,000 in financial assistance. My sophomore year estimated need after subtracting sources of funds, was $4,185 and the university provided $4,100 in assistance. This year, financial need was determined at $4,917 and I was awarded $4,896 in financial aid.

That is based on a budget of $5,000 tuition and approximately another $4,600 in expenses, books, fees, room and board. I would like to note that although the Federal aid programs and the private university funds provide the greatest portion of assistance, a substantial amount of funds are received from the Connecticut State scholarship program and a local scholarship foundation in my home town. That amounts to approximately $1,500 a year.

I also borrowed the maximum allowable, $2,500 per year, from the Connecticut guaranteed student loan program. The proposed 10 percent origination fee on next year's loan would decrease that amount by $250. I could only borrow $2,250. That is a sizable reduction for me.

Proposed decreases in other federally based programs such as the BEOG or the Pell grant, as it is now called, would also reduce possible aid by $150 in my case. I am employed each academic year under the college work-study program. Every year I work over my alloted work-study amounts. This is usually by November or December. Every year I am fortunate enough that my director in the office puts me on his part-time payroll Other students do not receive that. They are not that lucky. The budgets of the university can't cover those costs. When they run out of their work-study funds they are out, and that is it.

Any cutbacks in college work-study funds that are being proposed by Reagan's budget would set me behind even further than I already am. The proposed cutbacks in student financial assistance would obviously cause problems for students such as myself that rely so heavily on the federally sponsored aid programs.

I do realize that the University of Hartford attempts to make up for the gaps by providing financial assistance through their own grants and scholarships. However, they could not meet such a sizable difference in Federal aid received versus their private university aid provided.

Severe budget restraints going into effect for 1983-84 would not necessarily affect me because I hope to be graduated by then. However, they would no doubt cause countless students to abruptly end their education at postsecondary institutions. It is bad enough that many incoming freshmen will never be able to go to the college or university of their choice, but to take away or terminate the education of those already in attendance would be like throwing away Federal moneys already given to these students.

I can't imagine attending college for 2 or 3 years and then being forced to leave because there are no sources of financial aid available for students such as myself who is doing everything in my power to obtain my college degree. Thank you.

Senator **Weicker**. Thank you very much.

John Mancini?

Mr. **Mancini**. Senator, I am honored to be here and to represent not only myself but my fellow peers from Fairfield Prep and the State Student Advisory Council on Education. This council, formed by Commissioner Shed, is comprised of a cross-section of the student population from representative schools across the State. I speak for all members of the council when I say that I am deeply concerned about my future education and the possibility of not receiving any financial assistance.

As a senior in high school, the future seems lonely and frightening. My plans for after college are to attend law school, pursue a career of either corporate or trial law and eventually to enter politics.

I contribute my successful high school career to my involvement in extracurriculars coupled with my academic excellence. Presently, I serve as the student council president of Fairfield Prep. I am a National Achiever Association regional coordinator in junior achievement. I have been active in soccer and debating. I am a member of the National Honor Society and Key Club and currently rank in the top 19 percent of my class.

You see, Senator, it has always been education which has provided the opportunity for success in America. Now the Federal Government wants to cut funds to the financial assistance programs which provide the means for a solid education for the majority of postsecondary school students.

In doing so, they help to create a more stable economic future. In reality, they are employing the improper means to attain an end which may not result. The way to improve the economic conditions of this Nation is to educate the masses. Through education the immigrant settlers of the early 1900's moved out of the ghettos and built themselves a place in society.

It is education which provides opportunity which America stands for to achieve success. For my next 4 years of college and following years of law school I will be in need of financial assistance in order to make my dreams come true. I am relying heavily upon guaranteed student loans and college work-study programs.

I would like very much to attend Harvard University for my undergraduate education. Realistically, my parents cannot support me for a fraction of the total expenses. For college, and later law school, I will be dependent upon government-funded programs in order to continue my pathway toward a successful tomorrow.

Without these financial assistance programs the open doors of my future may enclose me into the same world of my parents. Recent figures have shown the expenses for the academic year 1983 to be approximately $12,000 for Harvard University.

Because of this enormous financial burden on my family I may not be able to attend the school of my choice. The college scholarship service estimates my total family contribution toward education for the next year to be $3,050. In order to account for the outstanding funds needed, I am considering college work-study and guaranteed student loans.

Because colleges will receive less Federal aid, college work study may be difficult to attain. Many colleges have few employment opportunities on campus. With a decline of Federal funds the competition for the work-study programs may eliminate my chances for consideration.

The largest part of most financial aid packets arranged for by the college and universities is often in the form of a guaranteed student loan. The Government has helped to reduce the burden by subsidizing the difference in interest rates to the banks. This has helped maintain a 9-percent interest ceiling on student loans.

Since Congress is considering legislation limiting eligibility for guaranteed student loans and removing Federal interest benefits this once sought-after aid may soon provide very little of my financial needs. With the present situation of the financial assistance programs it is difficult to afford the expenses of any large university.

With any further reductions in the availability of such financial assistance I may find myself at a lost for payment of education expenses. My future is in danger and seems filled with turbulent moments. My goals and aspirations may never become a reality while there are few funds accountable.

The youth of today are indeed the future of America. The Government should take a vested interest in us today in order to prepare us to be the leaders of tomorrow. Thank you.

Senator WEICKER. Thank you, John.

Did all of your parents attend college?

Ms. ALEXANDER. Mine did not.

Senator WEICKER. Are you the first member of your family to be able to go into graduate school, Zandrina, and get this far along in the educational process?

Ms. ALEXANDER. I am the first member of my family to go to college, period.

Senator WEICKER. The very interesting point that Holly brought [illegible] in her comments, how much money—if, as you say, you are [illegible] to leave, how much money has already been expended by [illegible] Federal Government that literally will be just thrown away? [illegible] you have any ideas?

Ms. ALEXANDER. My current indebtedness is $32,000, of which a little more than 50 percent of that is Government guaranteed loans that I would not be able to pay back without a lucrative position.

Senator WEICKER. What year are you in now?

Ms. ALEXANDER. This is my third year.

Senator **Weicker**. How many years do you have still ahead of you?

Ms. **Alexander**. One more year. I have 1 more year ahead of me.

Senator **Weicker**. After this?

Ms. **Alexander**. After this year. Yes.

Senator **Weicker**. At the end of that year what do you estimate will be the amount of your indebtedness, assuming the fact that things are going to work out and, as you indicate, that is a very iffy question, but assuming they do work out, what would be the total amount of your indebtedness at that time?

Ms. **Alexander**. It costs about $12,000 a year for medical school and I am also a single parent so I add another $2,000 for that. So, adding $14,000 to $32,000 that brings it to $46,000 approximately, and this is at a State school, which is relatively inexpensive.

Senator **Weicker**. You indicated, as I recall, in your comments that many who pursue the direction that you have, tend to go back to their communities to practice what it is they have learned. You are entirely correct when you say that in many of the deprived and rural areas there is a great shortage of professionals. Is that what you intend to do?

Ms. **Alexander**. Definitely. I am committed to primary care medicine. I am committed to going back to the inner city and working with my people. By my people I mean the poor and the underserved.

Senator **Weicker**. Gioia, in the course of your career at Yale, just review for me, did you receive Federal assistance in addition to whatever assistance you got from Yale University?

Ms. **Mapp**. Yes. I was the recipient of national direct student loans as well as work-study funds.

Senator **Weicker**. Can you give me any idea as to the amounts that are involved there?

Ms. **Mapp**. My work-study funds usually amount to around $800 a term which I earn by working 10 hours a week, and my indebtedness at this point with the national direct student loan is $6,000.

Senator **Weicker**. Holly, have you received Federal funds in the course of your education that are required to be paid back?

Ms. **Koch**. I receive approximately $1,000 every year from the Pell grant program, $1,000 every year from the college work-study program and basically, to date, the Federal moneys have totaled about $9,000, but I am not through yet.

The university has provided about $8,000 in private grants and scholarships. Then I get an additional $3,000 to $4,000 in local scholarships. The taxpayers are putting me through school.

Senator **Weicker**. The point I want to make to all three of you because John hasn't yet been through your experience, and hopefully he will be able to have that experience, would all of you have been able to do what you want to do in terms of educational opportunity without the Federal assistance?

Ms. **Koch**. Never.

Ms. **Mapp**. No.

Ms. **Alexander**. Absolutely not.

Ms. **Koch**. My college tuition is more than my mother's adjusted gross income.

Senator **Weicker**. I very much appreciate all of you. This is, I know, throwing a soft ball at you—that is what we call it in my profession when one gives you the opportunity to be broad in your response, but I wonder if any of you might want to comment on those of your fellow students. you know that are in the same circumstances in which you find yourself. I think a lot of times the perception that is given is that there are many people just having a good time, not paying back loans, who could do with an education, or could do without an education.

I would really like to have each one of you very briefly respond to that because I think it is important.

I would like to give you each a few minutes to tell of those that you are aware of who share your concerns. Anything particular that you would like to highlight is my last question so you can set the record straight in the minds of the public.

Ms. **Alexander**. Senator Weicker, I would like to say that medical education takes a tremendous commitment. It is a lot of very, very hard work and we aren't able to take part in things like work-study programs because we work 70 to 80 hours a week or more, and that does not include homework and extra reading.

There is no one in medical school goofing off. They wouldn't be there. And the ones who are there are committed and they deserve to be helped. They deserve to be helped because, I think, it is their right and because, I think, it is a commitment to the country, to the United States of America that these people get this chance for us to develop into the society that we have always claimed we are, and that we want to keep.

Senator **Weicker**. Thank you very much.

Ms. **Mapp**. Senator, a flood of comments come to mind and basically I have to agree with the remarks that were just made. None of the students that I go to school with are goofing off. Every one of us realizes just how fortunate we are to be at Yale University because roughly 1 out of every 10 applicants are picked to be in any one graduating class and that is quite a ratio to overcome.

But in terms of financial aid, I go to school with people who I see working jobs outside of their work-study jobs to make ends meet and a lot of them are sending money home to help make ends meet there.

I happened to mention in my testimony that Federal reductions in summer jobs made it difficult for me. To be truthful about it, I spend the end of one summer looking for employment for the next summer and the summer of my sophomore year I was very fortunate to land a job with the Commerce Department. I was depending on that job. In April of my junior year I got a phone call saying, "I'm sorry, Gioia, we can't hire you and we feel badly about it," and I know that they felt badly about it, but the fact was that Yale University expects of its financial aid students at least $1,000 in summer earnings to go toward their tuition bill. The loss of that job was a loss of at least $1,000 for me. That $1,000 does not take into account the extra money I try to earn to be able to meet extra expenses for books, and other personal expenses.

I have been very fortunate, as I have said. I am not in a position where I necessarily have to be sending money home but I will be honest and say I have been close to it at times. And so, the money that I received in the national direct student loan has made it possible for me to complete my education at Yale.

My goals were to go on to law school. This is no longer my plan. I have been interviewing for jobs. My plan is to go into the private sector and to basically earn the money that I will need to go to law school because I realize that I can no longer depend on financial assistance to meet that goal.

Senator **WEICKER**. Thank you very much.

Holly.

Ms. **KOCH**. I would like to note that, yes, students are in school to learn but there are those students there that are there partying, as you might call it. I am not one of those students. I often watch the others come and go. I am from a private university. The tuition is high. The budget is high to get in there. There are students in there that you might say don't belong there. They are just there for the fun. It is a very small percentage, but they are there.

Fortunately, these students are not the ones that are receiving the financial aid. Then there would be a real injustice in the system. The students that I know that I see that are recipients of financial aid moneys, are doing their best. They are good students. They are trying hard. They are working hard. They are doing everything in their power to get through college and repay the moneys that they have borrowed.

I would like to say that I believe I am a good student and I would have liked to continue with graduate school. It is no longer in the near future for me. I will go out after I graduate next year, interview and try and seek employment with one of the firms in Connecticut. Hopefully through their programs I might be able to go back and take some graduate courses and ultimately get a degree.

That is basically what I have to do to get an education. It is using people and you go through your college education and your graduate school realizing that you owe a heck of a lot of people an awful lot of time, money and consideration and you are in debt that you could never possibly repay.

Senator **WEICKER**. Thank you very much.

John, my last question to you then is, at the present time, what you want to do in terms of higher education you might not be able to do; is that correct? Are you debating now as to what the future holds for you, as to where you are going to go to college, if you are going to go to college?

Mr. **MANCINI**. Correct. College is going to pose a problem in itself, first of all, to pay for it. But then, with the debts I will have earned through loans, if I do get them, law school may be virtually impossible to pay for. So the option will be open to me whether or not I do want to go into a professional field right after college.

And at my Harvard interview that was a question posed to me and I said that if a job were offered to me I would seriously have to consider not going into law school simply because of the debts I might face through my 3 years of law school.

Senator **WEICKER**. I notice in your statement you say that your parents' contribution would be in the area of $3,000, is that correct, toward a $12,000 tuition. Does Harvard guarantee that they can pick up that difference in the absence of Federal programs?

Mr. **Mancini**. No, Harvard doesn't guarantee that they can pick up the difference. They say that the Federal programs will be a major part of the assistance that you get and then they will try to make up the difference from there but without those Federal programs I would not be able to afford going to Harvard.

Senator **Weicker**. After we hear from the Senators and Congressmen, and all the presidents of the universities, I think that the four of you probably bring it home better than anyone else. Thank you very much.

We are going to hear more from the faculty and from the presidents of the private colleges and I would say we certainly can take 10 minutes here, 10 minutes or a little bit more, if there is any student in this room who would either like to express him or herself, or has any question to ask.

Why don't you come to the microphone how.

STATEMENT OF JOHN MESSLER, STUDENT, EASTERN CONNECTICUT STATE COLLEGE

Mr. **Messler**. My name is John Messler. I am a sophomore at Eastern Connecticut State College and I am eventually hoping to look at law school myself. I originally was interested in private education when I was in high school. When my junior year came around, I was starting to seriously look where I would go to school. I had really no choice but to look toward public education.

At Eastern, I have really enjoyed the school and I hope to go to law school but without the loans I don't think I would be able to do it. What do you feel about—I know it is important to cut back on these expenses, the Federal expenses. But how long do you think it will take for the States to pick up some of the slack?

Senator **Weicker**. I would agree with the comments made earlier by president DiBiaggio and those of his colleagues, I see no indication coming from the State of Connecticut that it is going to pick up the slack. I see nothing in the private sector that says that they are going to pick up the slack.

What I am saying to you is what is going to give here is your education. That is what we are fighting for. It is not a question that the State is going to supply extra moneys.

Let me say this right now. The State of Connecticut does not have the natural resources to tax, to produce the money to make up for what the Federal Government isn't doing. We don't have that. And I think it would be very difficult for the State of Connecticut, and knowing the realisms of politics, to impose those taxes necessary to supplement the Federal role, or substitute, rather, the Federal role.

What I am saying to you is that what will be diminished because of the diminishing Federal dollars under those circumstances is the educational opportunity that is now available to all.

Mr. **Messler**. What do you think is the destiny of some of the smaller private schools? I don't know offhand how many there are in Connecticut but I know there are several, as well as those around New England.

Senator **Weicker**. I think the answer is that they are going to be hard pressed in the sense that, again as was indicated by the earlier panel, the larger tuition fees, usually present in the private institutions, are not going to be met in the sense of Federal aid being withdrawn or not going to be met in the sense of parents having lower incomes due to the bad economic times.

Therefore, students are going to look increasingly toward the public sector. The difficulty with that is that it will then impact on the student body mix in the public institutions and probably deprive many low-income students, lower middle income students, and minority students of the education they are now getting.

STATEMENT OF EVANGELINE FRANKLIN, MEDICAL STUDENT, YALE UNIVERSITY

Ms. **FRANKLIN**. My name is Evangeline Franklin and I am a medical student at Yale University. I would like to give you some more fuel for your fire, Senator Weicker, in terms of information about what medical students at Yale have been operating under the last few years.

I have matriculated at Yale University and currently owe over $40,000 in Federal student loans. I was one of the last group of medical students to receive low-interest loans at a 7-percent interest rate. I also owe 2 years of service through the National Health Service Corps scholarship program, and this has been the only way that I have been able to finance my medical education.

As my counterpart from the University of Connecticut has indicated, I am also very concerned about service in primary care to the underserved in this country. I would like to indicate furthermore that there will be a great decrease in the future in terms of those individuals from minority and low-income backgrounds who will go into medicine and, as a result, because of the high cost of a medical education they will not be attracted to primary care specialties such as internal medicine, obstetrics, gynecology, pediatrics, and psychiatry because of the low incomes which are derived therefrom.

They will be much more attracted to specialty medicine which are not needed any further in this country. Geographic maldistribution will also suffer because of the large amounts of money that will be owed by medical school graduates.

Senator **WEICKER**. I want to emphasize that this is a tremendous point you are making and I don't think everybody understands that in order to get the kind of income to pay back these loans, you must move into the areas where the money is, so that the less served or underserved populations will continue to suffer.

Ms. **FRANKLIN**. I think that the decrease in the low-interest loan programs that were previously provided for students and the increases and ceilings on the loan program which is at market interest plus in terms of operating that program is really abominable in terms of the Government's perception of how to rearrange physician supply in this country.

I think that medicine is a prime example of a profession which actually does provide a very unique and important service to the people of this country, and if the Federal Government is going to take the attitude that physicians, who are going to be highly paid professionals anyway, should be paying back high-interest loans I think that they are really going to be cutting off their own necks.

There are several hundreds of thousands of people in the State of Connecticut who won't be able to get service because of the various cutbacks in medicare and medicaid expenditures and other social welfare programs. And I think that I, as a graduating student from Yale University, if I was owing money at an interest rate of 20 percent I would be attracted to hematology, oncology, and a university based practice.

So, I think that you should relay that information to the committee and to the rest of Congress. I really don't think that Reaganomics has a clear understanding of the economics of medicine and what changes there really have to be made in order to affect specialty distribution. Cutting back the loan programs for medical education is surely not an incentive to redistribute specialties and geographic problems in the medical industry. Thank you.

Senator **Weicker**. Thank you very much.

STATEMENT OF STEVEN ALLEN, STUDENT, UNIVERSITY OF CONNECTICUT

Mr. **Allen**. Senator Weicker, my name is Steven Allen and I am a graduate student working on my Ph. D. in civil engineering here at the University of Connecticut. I have been a graduate student for the last 3 years and if I can remain a full-time student, hopefully in another year I will graduate with my Ph. D.

I appreciate the opportunity to speak here and hope that in some small way I may influence those of you who have some power to moderate the proposed cutbacks in student aid programs.

I am particularly distressed by the proposed cutbacks in the guaranteed student loan program, especially as it affects graduate students. It is my understanding that the graduate student loans may be severely cut back or eliminated entirely for graduate students.

Prior to the beginning of my graduate studies here at UConn I had worked 8 years and was able to accumulate enough savings to allow me to consider becoming a full-time student again. I had always planned to continue my education with the eventual goal of accepting a faculty position.

However, the economic realities of life forced me to delay this move until I had sufficient funds. So with the assurance and the reasonable expectation that I would receive graduate student loans in the form of guaranteed student loans, I embarked this career as a graduate student. I am presently receiving a graduate stipend of approximately $4,500 a year for 20 hours a week work as a graduate assistant in the department of civil engineering. Between this and a student loan of $5,000 a year I have been able to subsist, and I say subsist, because that is about all I can do. It is certainly an austere lifestyle.

I occasionally take out my bills, look at them and put them away unpaid. I am at a point where I cannot pay for maintenance on my car, which is necessary to get to this university. By the way, I commute from Mystic, Conn., every day. I am one of your neighbors. I am at the point where I have no more savings left and if I don't receive this guaranteed student loan for the next year I will basically go broke if I try to remain a student.

Now I hear that the student loans for graduate students will be cut or eliminated entirely. I will be forced to throw away 3 years of my education and go back to work full time. This is my only shot at a Ph. D. in my eventual career goals. If I quit now I will never be able to resume again.

When I compare my lot with those from Third World countries my complaints may seem insignificant. After all, I am not starving. However, my concern is not for me alone. My concern is also for higher education and especially graduate education in the United States.

Without support for graduate students there will be few Americans going on for advanced degrees and consequently fewer Ph. D.'s available to carry on the research and teaching duties at universities. It is happening right now when nearly a third of all courses here are taught by nonpermanent faculty or graduate students.

The consequences are grave for higher education in the United States. Do we need another Sputnik to wake up the present administration to the fact that the quality of higher education in the United States is imperiled? When will the administration realize that these proposed cutbacks are shortsighted and serve only to erode America's loosening grip on high technology.

Without support for graduate students and graduate education in the United States there will be no way in which American industry can match foreign competition. We have already lost the edge in the automobile industry. Are we to lose it in every other engineering, science and medicine industry?

I call on you, Senator Weicker, to use whatever influence you have as my elected representative to make my concerns and fears felt in the U.S. Congress. Thank you.

Senator **Weicker**. Thank you very much.

I think you said something which should be emphasized. The Eisenhower administration perceived a Soviet threat and responded by an influx of funds into the educational system for research, scholarship through the National Defense Education Act, whereas, the response of this administration to the same perceived threat is to draw back in this area and clearly I don't think that is the right way to go.

STATEMENT OF GREGORY THOMAS, STUDENT, EASTERN CONNECTICUT STATE COLLEGE

Mr. **Thomas**. Senator Weicker, my name is Gregory Thomas and I am also from Eastern Connecticut State College. I would like to reiterate what my fellow students have said about the dire financial straits that many of us are in and the need for these Federal loan and grant programs to continue to keep us in school.

Personally, I too am broke and my car is in a state of disrepair. In fact, it hasn't been on the road for 6 months. What I would like to ask you is that I am sure you are aware that March 1 is the day of the Second Annual Student Lobby Day in Washington, D.C. Are you and members of your committee going to make yourselves available so that we can talk?

Senator **Weicker**. The answer is yes. You will be welcome down there. And I think it is important that you do make your views known in Washington. And this is the time to do it, prior to the finalization of that budget.

Mr. **Thomas**. My question to you, sir, is will you personally be there to talk with us and representatives from our school and from other schools in the State?

Senator **Weicker**. Yes.

Mr. **Thomas**. Thank you very much.

Senator **Weicker**. Thank you all very much.

[Whereupon, at 12:30 p.m., the hearing recessed, to reconvene at 1 p.m. the same day.]

AFTERNOON SESSION

[Whereupon, at 1 p.m., the subcommittee reconvened, Hon. Lowell Weicker, Jr., presiding.]

Senator **Weicker**. The hearing will resume. As our next panel we have with us Steve Trachtenberg, president of the University of Hartford; Marcia Savage, the president of Hartford College for Women; Oaks Ames, president of Connecticut College; and Richard Terry, president of Quinnipiac College.

I very much appreciate your taking time from your very busy schedules to be with us.

STATEMENT OF RICHARD A. TERRY, PRESIDENT, QUINNIPIAC COLLEGE; OAK AMES, PRESIDENT, CONNECTICUT COLLEGE; MARCIA SAVAGE, PRESIDENT, HARTFORD COLLEGE FOR WOMEN; AND STEPHEN JOEL TRACHTENBERG, PRESIDENT, UNIVERSITY OF HARTFORD, A PANEL

Mr. **Terry**. Senator Weicker, I appreciate this opportunity to address the Senate Subcommittee on Education. Allow me to preface my remarks by stating that I support President Reagan's goals of restoring health to the economy by reducing the costs of Government, stimulating private investment, and curbing inflation. I also support his goals of insuring that the Nation will be strong and productive, able to defend itself and preeminent for the knowledge and skills of its people.

All of us stand to gain from having a strong nation with a healthy economy, and we find it not unreasonable to expect our students to bear, along with the rest of us, a proportionate burden in reducing the expenditures of the Federal Government.

At Quinnipiac College, a private institution offering undergraduate and graduate degrees, we endorse the principle that the first source of funds for tuition and fees should be, not the Federal Government, but students and their families. Increasingly, however, students and their families have found themselves hard pressed, first because of inflation and now because of the recession, to bear a larger share of the costs of higher education. This college, with its modest endowment, is able to provide limited funds toward the financial assistance of a full-time enrollment of 2,300 and a part-time enrollment of 1,600 students. Our full-time students have been able to demonstrate substantial financial need for assistance in meeting these costs.

A large number of them belong to middle-income families, and many represent the first generation going to college. Among our students receiving campus-based aid, the average family income is $24,500. Over 1,600 of our full-time students depend on Federal grant, loan and work-study funds, which satisfy about 60 percent of their documented need.

The other 40 percent is made up in part by resources provided by students and their families, State grants, college-developed scholarships, and campus employment opportunities. The proposed reductions in the Federal student financial assistance programs will affect our students in different ways.

Lowering the eligibility requirements for a Pell grant to an adjusted gross family income of $16,000 would affect about 25 percent of the students presently eligible for these grants. Eliminating the State student incentive grants would affect between 80 and 100 students; eliminating the supplemental grant program would affect over 100 students; eliminating further Federal funding for the national direct student loan program would affect a large number of the 460 students currently receiving loans under this program; reducing the college work-study program would directly affect over 300 Quinnipiac students; doubling the origination fee for guaranteed student loans, and raising the interest to market rates, would affect the 75 percent of our students who would find these loans increasing their indebtedness by 19 percent—a very impractical way of meeting the costs of an education.

On the whole, it would seem that the proposed budget is asking our students and thousands of others to be ready, if need be, to forgo their education so that the economy can be healed. Not all of them, of course, will have to make this large sacrifice. The few from wealthy families will be assured of completing college. Those with families fortunate enough to be able to go into debt will be able to pay for their education. Those who can't scrape together the cash for college will be barred from higher education.

If our students are called upon to make sacrifices, let these be bearable ones. Give families time to find other resources for tuition and fees. Give colleges time to acquire scholarships and build loan funds that will make it possible for students to continue their education. Give those fortunate enough to be intelligent and unfortunate enough to be poor or to belong to financially strapped middle-income families an educational opportunity that, through no fault of their own, they have been able neither to inherit not to earn. It makes sense to do this, because the strength of our country and the health of the economy depend on it.

Thank you.

Senator **Weicker**. Thank you very, very much.

President Ames.

Mr. **Ames**. Senator Weicker, I want to thank you and your staff for giving us this opportunity to talk on a subject which is of really great concern to all of us in higher education, both public and independent, and of course is so important for future generations of students and indeed for our whole Nation.

In making my remarks I want to concentrate on the impact on Connecticut College and its students of the cuts in Federal financial aid programs, both those which have been enacted and those which are proposed for the fiscal 1983 budget.

At the outset I want to say that the Middle Income Student Assistance Act of 1978 was a tremendously helpful piece of legislation, a very important one indeed. It had some flaws in it, one of which was the availability of guaranteed student loans to those who did not need them. None of us in higher education objected to the elimination of any wasteful features in this legislation.

What concerns us today is that the cuts for next year in fiscal 1983 may seriously reduce educational opportunity for America's students. These cuts seem to deny the principle that it is in the Nation's interest to invest in the higher education of its young people.

Connecticut College has a modest endowment of about $14 million and an annual giving program that brings in about $1,200,000 a year. We are able to offer financial aid to 34 percent of our students. The average package of scholarship, plus a loan, plus work-study covers about one-half the cost of attending Connecticut College.

This year almost 90 percent of our total income from endowment and from annual giving combined, in addition to the Federal and State funds for scholarships is necessary to maintain that level of support. Ninety percent of our income from sources other than tuition is going into the college's scholarship program.

However, in recent years we have had to send out between 30 and 90 of what we call admit-deny letters each spring to applicants to the freshman class advising them that they are admitted, that we would like to have them at the college but that we have run out of aid funds.

For the class of 1985, this year's freshmen, this number rose to 147. Clearly, this is not the case of freedom of choice and opportunity. We lose diversity in our student body and therefore education for all of our students. This is some of the enrichment it otherwise could have. Most of those admitted denied students have to go elsewhere, although they had originally decided that our particular combination of strengths would have given them an education best suited to their needs and their hopes.

The U.S. Secretary of Education has said that the Federal Government can no longer afford what he calls posh student aid programs, and I am quoting him there as you know. He seems to think if paid opportunities are reduced significantly students and their parents will be able to reach into their mattresses and come up with the difference.

Our experience suggests otherwise. The fact that those admitted but denied students must turn either to the public sector or to a school with greater financial aid resources indicates that there is little elasticity in those family budgets. And, as we know, those colleges with more financial aid resources than Connecticut College has are now also being forced to consider ability to pay in their admissions decisions. Wesleyan University just announced that policy change last week.

Earlier I noted that Connecticut College is using almost 90 percent of all its endowment and annual giving income to finance its scholarship budget. A few years ago that percentage was far less.

The increase has been necessary to compensate for the combined effects of inflation and the constant or decreasing funding levels from both State and Federal governments.

We estimate that next year the level of Federal funding for the Pell grants and for the college-based programs at Connecticut College will be 46 percent below the 1979-80 level in constant dollars. The proposed budget for fiscal 1983 would bring about a further reduction of 44 percent. It is hard to see how we can adapt to such big cuts and still maintain the quality of our product, a liberal education.

We have been diverting an increasing fraction of income other than tuition into financial aid for several years. To go further would force the tuition up too rapidly for many who can just barely afford to pay now. And it would severely limit what we could pay our faculty and expend for library and the laboratory budgets.

In closing, I would like to make some general observations. To find solutions to the problems of our times from nuclear weapons to inflation we need not only specialists but more people who have the intellectual skills, the habits of mind, the breadth of understanding to see these problems in perspective and therefore, to judge wisely.

We need a highly educated citizenry. Liberal education helps students develop these qualities. It should be the foundation for all professional and specialized study and it has long been one of the great strengths of America's independent colleges and universities.

If student financial aid is cut as deeply as the present administration proposes for fiscal 1983, it will be impossible for many young people to freely choose those colleges where they can best develop their potential. The results will be a less skilled and less wise society. We must recognize that financial aid for students is an investment in their futures and in our Nation's future that will be paid back many times over.

To reduce it is both shortsighted and, in the long run, will be far more costly to our Nation. If we wish to increase America's productivity and problem-solving capacity we must not allow financial need to limit educational opportunity.

Thank you very much.

Senator **Weicker**. Thank you.

Marcia Savage, president of the Hartford College for Women.

Ms. **Savage**. Senator Weicker, I would like to add my thanks as well for this opportunity to speak out on probably one of the most crucial issues facing higher education today.

As I considered my testimony the following words flooded my mind: On the one hand, survival; access; opportunity; diversity; and quality. On the other, failure; elitism; disadvantage; homogeneity; and inequality.

The first group represents those values, I think, which have characterized the postsecondary educational philosophy in this country for approximately 24 years. I think most of us will admit that the implementation for making real a concept such as diversity and access within our complex educational system has not been without problems.

At the same time, I realize as a president of a woman's institution that it is a commitment to just such concepts that has made the education of women in this country of all ages, of all socioeconomic levels more possible and successful than it has ever been before in the history of this Nation.

Federal assistance programs in education have made it possible for single parents, for displaced homemakers, midlife adults, as well as the traditionally aged students to improve the quality of individual and family lives, to become wage earners, to know the meaning of financial independence as a result of their educational experience and training.

Academically able women have come to know the positive value of their intelligence. They have known that this intelligence need not be coupled with appropriate social class and economic background in order to have the opportunity to have it find expression in the best of those postsecondary educational environments available within our society.

All of the above appears at great risk as a result of the proposed cutbacks. Thus, the other words I mentioned come to the fore. When I speak of failure I speak not only of the possible failure of the individual institutions as a result of such actions but the failure of a dream.

Educational doors which were opened as a result of personal and institutional paying will be closed. Access will be, I am afraid, a dream deferred in the words of the poet, Nikki Giovanni, and elitism will replace the diversity that is so characteristic of today's student bodies.

But more specifically, the impact of cuts in Federal student aid programs on a small private, independent college is dramatic and devastating in its results. Hartford College, a very small liberal arts, 2-year college for women, 80 percent of whose graduates transfer to a wide variety of 4-year colleges, offers an opportunity for wider horizons to a student body quite different from that and many other independent colleges.

Seventy percent of our students commute from home. Twenty-five percent of them are parttime. Twenty-five percent of them are adults. According to the college scholarship service institutional statistics 115 students filed financial aid applications for Hartford College for the 1981-82 academic year.

Ninety-three of those were dependent students of whom 30 percent had family incomes under $15,000. Forty-five percent had incomes between $15 and $30,000. And only 25 percent incomes above $30. Of the 22 who were independent students, as they filed, 86 percent of them had incomes under $5,000 and all were under $10,000. Eighty percent of the total applicant group then represent family incomes of under $30,000.

These include not only a number of minority students, chiefly black and Hispanic, but also many students from various ethnic groups. We have in our college a high percentage of students who are for the first time, in their families, going to college, and for whom this college provides the gateway to opportunities not otherwise possible.

Since the majority of our students commute most continue to work at part-time jobs, often the same ones they had in high school while attending college on a full-time basis. Hartford College's tuition in the current year is $3,600. Board and room charges for resident students is $2,250. To say that these charges are low for private independent colleges is an understatement. But in view of the low average income of our students' families the financial commitment, exclusive of loans, has been over $150,000 for the last 3 years.

During this period, reductions in Federal funding for basic grants, even with the relative stability and the supplemental grants and the college work-study program, have already reduced the Federal portion of the aid commitment at Hartford College from 62 percent of the total in 1979-80 to 50 percent in 1980-81 to 42 percent in 1981-82.

Guaranteed loans over the same 3-year period have increased markedly from $152,000 to the current $272,000 in 1981-82. With a student population almost half of whom are from families with incomes below $30,000, further reductions in the basic opportunity program, the supplemental program, and the college work-study program, coupled with origination fees and reduced availability of guaranteed loans for the under $30,000 income group would, unless alternative sources of aid become available, put Hartford College, even at its modest cost, out of financial reach for most of the students in the $15 to $30,000 income range, about one-quarter of our present student body.

In conclusion, at a time when this country needs competitively every intelligent mind honed to its highest level, the proposed cuts would stamp out access to approximately 2,165,000 students, would cut aid by $400 a year, even for students at the poverty level, will weaken our commitment as a country to keep open college opportunities for students of ability, will shrink the pool of trained intelligent future leaders of this country at a time when they are going to be crucially needed, and will further burden the public institutions and weaken independent institutions which have given us the diversity of experience in a country which has been proud of this kind of opportunity.

Thank you.

Senator **Weicker**. Thank you.

President Trachtenberg?

Mr. **Trachtenberg**. Senator Weicker, I am obliged to the opportunity to make this statement and I think all of the people of Connecticut share that obligation. I am also pleased to associate myself with remarks made by my colleagues in the independent sector and I am glad for this occasion to make a common cause with my colleagues in the taxpayer supported sector, some of whom I see here and whose concerns we share mutually.

It would be redundant to state that the cuts proposed by the Reagan administration for 1983-84 would have a devastating effect on higher education. The President is proposing to cut the Pell grants from $2.3 billion in 1981 to only $1.4 billion in 1983. He is also proposing the elimination of new Federal funding for supplemental educational opportunity grants and the national direct student loans.

Currently the combination of Federal funding for those two programs is $556 million. He is also proposing a sharp reduction from $550 million in college work-study funding currently to $397 million in 1983.

If we were to look at this at the next level in terms of the effects on each State the picture would look something like this. In Connecticut, during the 1980-81 academic year students shared $18,832,000 in Pell grant funding. With the proposed cuts for 1983-84, this figure would drop to $11,299,000.

In terms of the campus-based funding, the 1980-81 figure is roughly $15,368,000. The Reagan proposal will reduce that to $4,773,000. Two other areas that will greatly affect the students are changes in the guaranteed student loan program and the elimination of social security benefits for students between the ages of 18 and 22.

The guaranteed student loan program is the mainstay of the middle-income family. If it is made too cumbersome for banks to coordinate this program through State agencies and they back away from that kind of participation, the effects would be disastrous to students in all sectors of higher education, in all sectors; in the public sector and the independent sector.

What do all of these cuts mean to students at the University of Hartford? In the area of Pell grants the 1981-82 academic year has approximately 758 students participating. They are sharing about $672,000. If the administration manages to get its way in 1983-84, the best our students could hope for would be approximately $436,000. That would probably help only about 493 students.

In the campus-based programs this year, 1981-82, we have 500 students receiving $363,000 in State educational opportunity grant funding. Under the proposed cuts for 1983-84, no students would be aided since the program is abolished.

Under the national direct student loan program, over 650 students have participated this year. Since the Reagan administration proposes no new funding for 1983-84, we would only be able to use the money we collect from students involved in the program that is being paid back by past recipients. We would therefore drop to assisting only 400 students.

Finally, under the college work study program we now have 515 students involved and with the reduction contemplated for 1983-84, taking into account a slight increase in the minimum wage, we would be able to aid only 364 students. Overall, it is our guess that if all the cuts recommended were to come to fruition over 1,300 students who currently qualify for Federal aid at the University of Hartford would either be cut out totally or reduced substantially.

The University of Hartford has increased its own scholarship budget significantly both in 1981-82 and proposed for 1982-83. However, it would be impossible to fill all of the gaps left in 1983-84 if the administration's proposals were passed.

Currently, many of our students and their families are obliged to borrow as much as $4,000 for each academic year, and even with their willingness to borrow for quality education, they still find it difficult to meet all of the expenses involved in educating their children.

If loans become more difficult to get, then the middle-class families will be left out in the cold when it comes to higher education, particularly in the independent sector. The ramifications of the cuts in Connecticut and throughout the country really need consideration. Without the trained manpower that my colleagues have referred to we will be unable to face the challenges ahead.

The University of Hartford is going to do its level best to protect its students and is making financial aid the highest priority in its budget for the coming academic year.

The University gave slightly more than $2 million in financial aid from its own funds during the current academic year. Next year we plan to increase our financial aid budget by 75 percent and bring our commitment to roughly $3.5 million. And that is without the money that we have been getting from the Federal Government, from guaranteed student loans, from private philanthropic organizations, unions, and fraternal organizations.

That should bring the total amount of financial aid provided the students at the university over $10 million. We estimate more than 75 percent of the student body of the University of Hartford received some form of financial assistance during their 4 years of full-time undergraduate work.

Senator, one of the things that concerns me is what these cutbacks are saying to young people over and above the financial impact that they are having on them. If the demographic data that I have seen is accurate in the years to come the elderly population of this country will grow rapidly even as the younger working population declines in size.

What we are seeing is an inversion of a pyramid, a pyramid by which a large young population is supporting a small elderly population. As the tables turn, one could conceive of today's college age population taking the position, you didn't look out for us when we were young and we have no duty to look out for you when you are old. I think that is a dreadful message and I think what it says is that this is not merely a young people's issue. This is an issue that needs to be of concern to people who are on social security, to people who are in middle age and hope to get older and hope to live to see some of their social security benefits paid by the working people as they contribute to the social security pool through their efforts.

We expect to have these folks out here in the audience working and paying for social security when I am in retirement and I don't want them saying no when that time comes. I think there is a second issue. I have been in university administration long enough to remember when young people on campuses in this country were talking about tearing the system down, talking about revolution, talking about despising the American way. We told them then to work within the system. That is what they want to do today. They want to work within the system. I don't think we can afford to slam the door in their face just as they have stepped up to the threshold. Thank you.

Senator **Weicker**. Why don't I throw the first question out to all of you and respond in any order. You have heard this morning's testimony. If you weren't here, I will repeat, that there is expected to be an influx of students into the public sector in the sense that the tuition is less, that the tuitions of the private institutions is at such a level that either it can't be afforded or the aid won't be there to assist in paying. I want to know if you already see any pattern in this respect at this time in anticipation of the 1983–84 academic year?

Mr. **Trachtenberg.** It is too early for me to be able to give you anything useful about the University of Hartford, except to say that the percentage of our applicants who are requesting financial assistance is up. Now, what they will do once admitted, and once they have got our financial aid package and once they have been admitted to the University of Connecticut and seen its financial aid package I think it is impossible to speculate but I think it is foolish not to appreciate that we are economic animals and that people are, to some extent, motivated by economic and financial circumstances.

Ms. **Savage.** There are two points at which Hartford College would see the impact of this. One is at the point of admission. Every institution knows the other institutions with which it competes in terms of applications and we are beginning to see on our list public institutions that have not been part of the pool of schools at which our applicants are looking. So, we are beginning to see it.

Two is that we sent 80 to 85 percent of our women on to institutions, 4-year institutions and one of the traditions we have there is the president meets with each of those women. And as I talk with them there is no doubt but what the University of Connecticut is going to have a large contingent of Hartford College for Women applying in a way that I think they have not seen before. So I think we are seeing it at both sides of our process.

Mr. **Ames.** We are seeing the same effect that Marcia spoke of. We are seeing public institutions now appearing on the list of our top competitors, which weren't there a few years ago; the University of Vermont, the University of Massachusetts, and the University of Connecticut, all three are becoming stronger and stronger competitors.

And I think the figure I gave earlier of 30 to 90 admit—deny letters that we have to send out, that figure jumping to 147 for this year's freshman class indicates very dramatically that the funding levels right now are beginning to cause a very powerful squeeze for many families.

Mr. **Terry.** We are noticing the same things that the others are, that there are a large number of other choices for public institutions in addition to our own. Our applications for financial aid are up to an unprecedented number, 3,000 applications currently in for student financial aid.

I think it stands to reason that when the price of private higher education is much larger than the price of public higher education, there is going to be that movement to the public system. That isn't a bad thing, but if students want something that is taught at a particular private college and have to forgo that then that is bad for that student.

I think, also, that the public system of education in this country could be overwhelmed by the sudden influx of people unable to attend private higher education. So all of us, I think, register concern about this.

Senator **Weicker**. Do all of you look for a decline in your student populations in the next couple of years? Could you possibly anticipate it?

Mr. **Trachtenberg**. The demographers tell us that the population of 18 year olds, the high school graduating classes of America is going to decline about 25 percent in this country during this decade, and they tell us that in the Northeast that is more in the neighborhood of 40 percent. And they tell us that in Connecticut we have the absolute epicenter of nobody being born. I don't know if they forgot how to do it but there have been fewer live births in Connecticut than practically anyplace else in the country, and we see a population decline down to about 43 percent. It makes you wonder about what is in the water.

At any rate, Connecticut is going to have the severest impact of the population decline of any State in the Union. That is very important, obviously, for people who are in a line of work that has traditionally been providing services to young people.

We have tried to change our mix to some extent to accommodate to that so as Marcia Savage has indicated, it is true at the University of Hartford and indeed it is true in the public sector institutions as well. We are more and more hospitable to people of nontraditional ages than ever before and we have become far more accommodating than in years past.

The University of Hartford will run programs at United Technology's plant if they will put together a cohort of students sufficient to make it sensible and sound. Even allowing for all those variations, there is going to be a smaller net population and I think all of us in every sector are anticipating that.

But, to compound that with the ravages of inflation have impacted on us and contribute the cutbacks in an unprecedented and hasty pell mell way of Federal programs which have supported the student bodies, one creates a formula for an intolerable situation.

We have already lost one of our colleague institutions in this State, Amherst College, which served Connecticut well for many years, closed last year as a result of all the buffeting that they have been taking. It is not inconceivable to think that institutions of higher education won't wake up some morning.

I don't mean to predict doom and gloom. Some of the institutions may be able to survive in spirit but lose their capacity to serve in meaningful ways. For example, I pointed out that our highest priority for next year is financial aid. Well, it is no small feat to go from $2 million in financial aid to $3.5 million in 1 year.

What we have essentially had to do is talk to all our faculty and all our administrators and say, "Friends, it is not going to be as good a year next year as we would like to make it for you." We have had to say that to the people who do the purchasing for the library, and the people who buy the laboratory equipment. We are really saying that people are our highest priority at the University of Hartford, and we can do that for a year. We may be able to do it for a second year. But at some point the quality of the program is impacted in such a way that it isn't worth the price. I can't say that is going to be 2 years down the road or 5 years down the road but there is not a whole lot of sense in inviting people to dinner and then not being able to serve anything but crackers and water.

Ms. **Savage**. The only thing, Senator, that I would like to pick up on is Steve's point, and that is that in looking at our futures many of us have counted upon and have been led to believe that it is the nontraditional student that will help fill that gap.

What we are now seeing, and I think we have forgotten that and I think they have been forgotten in this whole range of thinking is that those students too turn to loan programs. For example, in order to make that next step, and that is get back to school, finish a degree or go to school while having very much a part-time job, and so that I think that we will be impacted strongly as we watch that population begin to decline in great numbers as well.

Senator **Weicker**. What concerns me is my own experience of going to Yale between 1949 and 1953, just so we put it in the proper time bracket, most of my classmates were there because they could afford to be there. I think that Yale is a better institution today because it includes many other students, besides those who can afford to be there.

By the same token, I think those students benefit from the innovations in education that only the private, or to the greater extent, the private institutions have supplied. It seems to me that what is being threatened here—correct me if I am wrong—is going back to my era in college, which I don't think is a good thing for student, university, or country.

Mr. **Ames**. I would like to pick up on what Marcia said about older learners and just say a word about the economics of adult education. We have an evening and summer session and return-to-college program, a very successful one. But we cannot charge tuition per course in that program which is any greater than about half the tuition per course charged that a full-time undergraduate pays. If we did that, if we raised the tuition for adult learners to greater than half that a full-time undergraduate pays we would have no one there.

A typical student will take one course in the fall semester and one in the spring perhaps, compared to four courses that a full-time undergraduate takes in each semester. So you see, it takes eight adult learners to make up for one full-time undergraduate. And I think that the independent colleges and universities which are in large urban areas may find it possible to take up a good deal of the slack as conventional, traditional enrollments go down. But a lot which are removed from urban areas will not be able to use this as a strategy.

I think the whole idea that adult education could make the difference for us, has been overstated.

Mr. **Terry**. We haven't looked on size as a problem yet. Our college has had a stable enrollment for some years. We are well aware of the demographic projections and we know that we will all be competing for students in a shrinking applicant pool. That doesn't bother us either. We think that students will come for those things that they find are good and won't come for the things they find aren't good.

We are also recruiting out of State. Two-thirds of our students are from Connecticut, one third out, and we are moving toward a 50–50. We are trying to recruit from areas where there aren't as many colleges and where the population decline is not so steep.

That is not the answer to everything. Actually, the institution is concerned about its survival.

But I must admit, in all the discussions in my college with those responsible for the financing of it, the concern has been for the student's ability to get an education far more than it has been our concern with whether we will be able to weather the shortfall in student financial aid. We are indeed dependent upon tuition and fees at our college. We have a very modest endowment. Much of our operating expenses are paid out of tuition fees.

Senator **Weicker**. I want to thank each one of you for adding to the information that I will be taking back to Washington. I would just hope that your voices will continue to be heard in the sense of having everybody understand what is at issue here, and what is at issue, I suppose what bothers me, as I expressed earlier on, is that there is a double hardship. We are really only putting a finger on the first hardship, which is that impacting directly on the students that either have to leave college or can't attend college or go on to graduate work.

The second one, which hasn't been discussed, is the failure of the Nation not having available to it those students and their knowledge which won't impact for another 4, 5, or 6, years out. Then, believe me, the catchup course will be far greater than anything we are discussing here today in terms of cutbacks.

Thank you very much.

Senator **Weicker**. The committee will now hear its last panel consisting of Antonia Moran—it is nice to see you again—of the American Association of University Professors; Vincent Maiocco, president of the Connecticut Student Loan Foundation; and representing the AFL-CIO, Chris Mueller, assistant to John Driscoll.

Ms. Moran, why don't you lead off.

STATEMENTS OF ANTONIA MORAN, STATE COORDINATOR, AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS; VINCENT MAIOCCO, PRESIDENT, CONNECTICUT STUDENT LOAN FOUNDATION; AND CHRIS MUELLER, AFL-CIO, A PANEL

Ms. **Moran**. Senator Weicker, my name is Antonia Moran. I am the State coordinator for the American Assocation of University Professors in Connecticut. I have a 5-minute statement. I must confess that this issue is large and detailed and it is very difficult to put all of my thoughts into this statement.

Before I begin I would like to say that the AAUP endorses the positions taken by previous speakers in support of the current program of student financial aid. We have been an active participant in the Connecticut Coalition for Higher Education, which, with the help of Connecticut's entire congressional delegation and with the assistance of Dr. Milady, delivered hundreds of letters of protest to President Reagan about what were then only rumored cuts to student aid. On behalf of AAUP I would like to express our thanks to you and to your staff for your assistance in this effort.

I would like to address my remarks this afternoon to the question of the impact on faculty of the President's proposed cuts to student aid. I know that it is usually considered improper to talk about the damage such reductions would do to one's self but in this case I believe it is not only proper but necessary.

From the point of view of the faculty the reductions in undergraduate student aid mean the opening of a period of turmoil in higher education. While most predictions of the results of these cuts are hardly more than crystal ball gazing it is obvious that they will cause dramatic changes in parental decisions concerning the education of their children and with those changes will come dramatic shifts in college attendance.

We suspect that education will become more stratified by income than it has been for the past 10 years. We suspect that the more prestigious an institution is the richer its student body will become and the less heterogenous and the less prestigious an institution is the poorer its student body will become.

We suspect that many middle class families will hesitate to send their children away to school or to allow them to attend the college of their choice. In Connecticut this may mean unprecedented increases in enrollments in the public institutions forcing out lower income families and declines in some of our private colleges.

Most likely, it will mean a period of 5 to 10 years in which families rethink their priorities and begin the process of saving for the extremely expensive future education of their young children.

Institutions will be under extreme pressure to fix things by responding to enrollment shifts. We are concerned that these short-run dramatic changes will result in conditions within higher education which will not be conducive to good teaching, good research or good education in the long run.

These changes cannot be in the best interests of the faculty, the institutions or the students. Nor can these cuts in student aid be in the interest of the State as a whole. Connecticut, even more than other regions of the country, depends upon a college-educated work force. These proposals will limit the ability of families to achieve their goals for their children by limiting the ability to provide for their future working life.

In our economy, to enter the work force without education means to be subjected to insecurity and low income. Everybody has seen President Reagan's statement about the 42 pages of job applications. The New York Times recently reported a study of the want ads in 10 major urban areas in New York State. There were more than 12,000 jobs advertised. Of these 12,000 jobs, only 1,300 were true entry level positions.

As part of the survey, the people called the advertisers to determine job application rates. Employers reported that there were more than 29,000 applicants for these 1,300 jobs. In Buffalo the ratio is something like 32 to 1.

The only way a family can keep its children out of this surplus labor pool is by providing education. Yet the cost of education in this State and in this region is too high to permit even the average family to put its children through college without assistance

The Reagan proposals will mean that our young people will be forced to live with insecurity and poverty. In our part of the country young people have been responding to these conditions by leaving the State and going elsewhere. The continual drop in population between the ages of 25 and 35 must damage the ability of the

State and the region to respond to new economic needs. The only answer is education and the only way to make access to it available is through adequate financial aid.

Next, I would like to speak to the question of reductions in graduate student aid. In a recent article in the New York Times, Henry Risofsky, dean of the faculty of arts and science at Harvard, said: "Universities must continue to attract our share of the finest minds. It is obviously valuable to society when excellent students flock to our law, medicine, business and other professional schools. But unless a significant number continue to choose academic careers in arts and sciences the quality of our civilization will suffer. For better or worse, American universities are the principal source of ideas for society and when ideas dry up or deteriorate in quality, decline is inevitable."

The reductions in aid to graduate students which President Reagan is proposing will cause the reduction in the number of our finest minds who choose to attend graduate school. This will be particularly true of those fields which are not supported by Federal funds for research.

The loss of young people in our graduate schools means the loss of young faculty, and this has serious import for the future of our academic institutions. As faculty members, we depend on our graduate students for intellectual stimulation, for assistance in research and as future colleagues.

There is another side to this issue of graduate student aid. The faculty in the United States has traditionally been white and male. The gradual change to a more representative group, one that is not ghettoized with women in teaching colleges and black faculty members in black institutions has been slow, difficult and not always successful.

But it is painfully clear that without adequate financial aid on the graduate level neither women nor minority candidates will be able to find their way into the teaching professions or into the other professions.

Finally, I would like to speak to this issue from the point of view of the faculty as parents. Many of us have children in college who are about to graduate from high school. The reality of these budget cuts comes home to us as we begin to fill out the financial aid forms this year. We know that we are facing 12 percent cuts in aid in the coming year.

Some of us have already been notified that our children may not be eligible for the assistance they received last year. Most of us have incomes which place us firmly in the middle class and we are educated consumers of higher education. Our children have been primed for success in higher education and we want them to take their places in a growing economy with some chance to spend their lives productively in careers they have chosen as best suited to their own needs and talents.

We are now wondering if this will be possible or if it will be possible only for some of our children and not for others. Do we pick the boys, the girls, the younger, the older, the business oriented, or the artist? The loss of supplemental grants, the decline in work-study, the changes in student loan eligibility hit us directly. We are taxpayers too. For many of us Federal student assistance has been the only direct benefit we have received from the Government in return for our thousands of dollars of tax payments. I suspect its loss will make a good many of us angry.

We thank you for this opportunity to testify before the subcommittee and hope that you will be successful in stopping these proposed reductions.

Senator **Weicker**. Thank you, and if I had to guess, I think we are going to be successful in stopping these proposed reductions. I feel very strongly, at least speaking on the Senate side, that there is going to be considerable fine tuning of the budget as presented. I think one of those areas that is going to be fine tuned most is that dealing with education and with the various loan programs.

So, what is necessary, however, is a continual expression by your colleagues, by your students, by your fellow parents. This is important to this country. I am afraid that we are presented with budgets that are what they are because the American people have been silent too long on the importance of education.

Mr. **Maiocco**. My honest thanks and appreciation to you, Senator Weicker, for the invitation and privilege to present testimony today on the proposed cuts and changes to the guaranteed student loan program.

Before I get into my written testimony, let me just make two comments. One, I first apologize for not having spent more time with you today. It just so happens that we are conducting workshops throughout the State for our participating lenders and, of course, I didn't have the luxury of that free time, and second, to comment on the President's message last night in his news conference.

I just couldn't believe, or I was more dismayed to think that only one reporter thought to ask questions about the education cuts. I also was not very pleased with the response from the President.

Senator **Weicker**. Let me ask you this simple question: Do you think what he says is true?

Mr. **Maiocco**. No, I do not. I think there may be a very, very small percentage of people who are smart enough to understand a way of taking student loan money and investing it at higher rates, but it is not that easy, if you try to invest small amounts of money at 18 percent. People read about certificates of deposit [CD's] and what-not but they never stop to think that it takes at least $10,000 as an initial investment to even think of investing your money at 18 or 20 percent. So, that is why I was very unhappy with his comment because there may be a very small percentage of people who are taking advantage of that.

On the other side—it came out of the congressional committee hearing several years ago that even if people did that, which to me is morally not the correct thing to do, these would be the people who support the program. These would be the people with substantial incomes and pay the most in taxes to make these programs available. This was some rationale that came out of Washington several years ago.

But, aside from that point, let me get into what I have here as actual testimony.

Although the GSL program is only one segment of the proposed cuts to the higher education budget, it is the largest single student financial aid program available, so that even small changes become very significant. It also is the only student financial program for which I am directly responsible and therefore feel somewhat expert in speaking about.

I am sure that you have already heard from the experts on the campus-based programs, such as Pell grants, college work-study, SEOG and SSIG programs. The only important point I wish to make in regard to those programs is the fact that as those programs are curtailed in any way, shape, or form, it places that much more reliance on the GSL program which is, in my opinion, the last probable source of obtaining funds.

Because of the short period of time to speak on this very controversial subject, I have limited my talk to three proposed changes which I feel are the most damaging and most severe in terms of limited students' access to a decent postsecondary education.

The first, and probably the most drastic, is the proposal to eliminate all graduate and professional students from borrowing under the GSL program. During the last Federal fiscal year the Connecticut Student Loan Foundation guaranteed over $230 million worth of loans. This is a remarkable sum for such a small State but the main point of mentioning this statistic is that approximately 20 percent of those loans were made to students enrolled in graduate programs.

I am sure this change, should it ever be enacted, could actually mean a drop of from 5,000 to 8,000 students in just the Connecticut program alone. I believe this to be a very dangerous adventure and would eventually put our educational structure behind our foreign neighbors.

The second proposal is to have all students tested or financially analyzed regardless of their family income. My counterpart from the State of Ohio, Mr. Bob Zeigler, sent to me just a few days ago a copy of a letter he sent to Senator Robert Stafford of the State of Vermont, who chairs this subcommittee of which you are a member. This letter shows in detail a breakdown of student loan applications processed by the Ohio program for the months of October, November, and December of last year.

It reveals that of the 23,400-some loans processed, 23,000, or 98 percent, of those applications were from families with incomes of less than $30,000. Only 2 percent were above the $30,000 threshold figure.

It appears, at least to me, to be such a waste of time and expense to add this additional step to the already long and sometimes cumbersome processing of student loan applications. Schools certainly could not possibly handle this extra workload, especially if they are not to be compensated, or at least given additional staff.

It could possibly mean the delay of processing applications, especially during peak periods, by as much as 3 weeks. The current policy of testing only those students whose family income is above $30,000, to me, is adequate and should be retained and will eliminate, I think, those people who truly do not need funds for their educational expenses.

The other concern I have is who is to determine the criteria to be used if the savings to the Federal Government is not sufficient. Then the Department of Education could simply change the ground rules by making eligibility more strict. Then again, also who is to say that all parents are willing to financially help their children. Remember, it is a moral obligation, not a mandatory one.

And, finally, my third point is that this administration wants to impose a 10-percent origination fee for the privilege of obtaining a guaranteed student loan. Students are already paying 5 percent, so this would double that amount. But students with serious need cannot afford to pay this exorbitant fee, especially those attending private schools where some costs are now above $10,000 per year.

If they need to borrow from other sources to make up this void at higher interest rates, it could lead to an overall increase in our bankruptcy cases and certainly to our defaults. Should all three of these proposals, and there are many, many more, but should all three proposals come into fruition I feel there could possibly be a 30-percent reduction in loan volume for the 1982-83 academic year.

In terms of people or students it would mean that 20,000 to 25,000 students may not be able to borrow. How many of these will not be able to even attend school is anyone's guess. But even if it eliminated only half of the group it would create in my mind a tremendous void in our educational system.

In conclusion, I would like to read the final paragraph of a letter I received from a student loan recipient who has obviously kept abreast of the recent budget developments. She sums up very nicely the importance of education and what it means to our country. It reads as follows:

> Regardless of the state of today's economy the government must realize that funds of certain activities cannot be cut or banished if we are to secure the future of our country. The intelligence of our country is what has aroused the rest of the world to take notice in us and it should remain to be the most significant part of our nation. Yours sincerely, Magdola Nagy.

Thank you for this time.

Senator WEICKER. Thank you very much.

The last panelist is Chris Mueller, representing my good friend, John Driscoll, of the Connecticut State AFL-CIO. Mr. Mueller, proceed.

Mr. MUELLER. Thank you.

Again, my name is Chris Mueller. I am a representative of the State AFL-CIO. Before I read my prepared remarks I should add that I am a participant of the guaranteed student loan program. I currently pay back every month and probably would not have been able to complete my education had I not been able to enjoy the benefits of that program.

In preparing my testimony on this subject I was reminded that 150 years ago in Connecticut an embryonic labor organization called the Association of Farmers, Mechanics and Other Working Men was agitating for, among other things, free grammar schools. The association set up a political party in New London and in 1832 was able to elect two representatives and a State senator to our general assembly.

Gov. Oliver Wolcott, Jr., in the 1820's had been sympathetic to the idea of free grammar schools but he had not been able to convince the leaders of Connecticut's townspeople, who insisted on a tuition charge for all public grammar schools.

It was not until the 1840's that tuition charges for these schools were generally abolished in Connecticut, but both here and in Massachusetts there was the same group of working farmers and mechanics who led the finally successful agitation to that end.

In the years following, as organized labor grew among the craft unions and tradesmen of the country, the goal of education for the sons and daughters of working people continued to be a major goal of the labor movement.

When the first president of the American Federation of Labor, Sam Gompers, replied to the question: "What does labor want?" The answer of "more" for which he is generally credited, was, of course, not limited to one word. He said that labor wanted more schools and fewer jails, among the other elements of a civilized existance.

Organized labor in Connecticut has always supported adequate appropriations, both Federal and State, for educational opportunities that would be open to all regardless of economic status. We are proud to have been one of the leading forces in getting adequate appropriations for the library of the University of Connecticut back in the days when John Dempsey was Governor.

So today, we are appalled with both the State's niggardly allocation of funds for all its public institutions of higher education as well as the horrifying proposals by President Reagan to cut Federal support for student financial assistance contained in his latest budget.

It is bad enough that the public higher education share of the State's dollar has slipped by 30 percent between 1971 and 1981, chiefly because our elected leaders have refused to face the reality that we cannot continue any longer without a personal income tax on a progressive scale.

Mr. Reagan's budget proposals, however, go much further and would restrict the opportunity of Connecticut young people to attend either private or public institutions of higher education. The cuts in student aid for higher education proposed by President Reagan in his 1982-83 budget constitute a savage attack on the policy of Federal investment in postsecondary education which has prevailed in both Republican and Democratic administrations since 1958.

Congress must repeal this action which is more dangerous to the country's future than the Soviet nuclear armament confronting Western Europe. If enacted by Congress on top of the already-debilitating cuts voted in 1981, the Reagan program would mean a loss of educational opportunity for literally millions of Americans and the resultant loss of competent leadership and basic personnel in every field of science, engineering, the arts and professions in the trying years which will follow this administration.

The AFL-CIO and its Connecticut Federation are deeply concerned with this prospect and in the most vigorous terms urge your committee to reject these destructive proposals of the President.

As the representative of the 69 AFL-CIO's national and international affiliates with membership in Connecticut, we note the blighting effect these cuts in scholarship, loan and work-study aid would mean to the sons and daughters of working people in Connecticut.

Consider the difficulties already faced even without these cuts by the children of a typical factory worker in our State who would like to go to college. The average annual earnings of production workers in Connecticut—this means workers in manufacturing basically—is now just under $16,000 a year.

The annual budget estimated by the U.S. Department of Labor for a family of four at an intermediate level is now $25,604. This is an estimate made by Prof. David Pinsky of the University of Connecticut Labor Education Center, adjusted for inflation and the latest figures published by the Labor Department, which were for autumn of 1980.

Of this total, Professor Pinsky said that the consumption budget of this family allows for only $114 for education expenses. That would not take care of the expense of one child in high school. Even if both husband and wife were full-time workers and earned $25,000 to $30,000 a year they would have difficulty paying for one child at the University of Connecticut. This public institution will cost well over $5,000 for a student living on the Storrs campus next year for tuition, fees, room and board, not including clothing, transportation or any personal expenses.

State colleges, including the community and technical colleges, are less costly, but any private institution is more costly. How can a student from a working family make it to college without the present student loan guarantees and the Pell grants, the work-study aid and the other supplementary aid provided by Federal funds.

Perhaps President Reagan wants to return the United States to the class structure of the 1920's when his hero, President Coolidge, was in the White House. At that time, only 3 percent of the population had any college education. Does Mr. Reagan believe that the American people would permit a reversion to that clampdown on opportunity for the youth of the country?

We in organized labor, who were the first to sound the call for free public education in this country, will join with every other thoughtful group in our society in opposing this outrageous attempt to subvert this fundamental policy of equal opportunity for all our young people to obtain the benefits of higher education, not just for themselves but for the future of our country.

CONCLUDING STATEMENT OF SENATE WEICKER

Senator **WEICKER**. The Reagan administration has introduced several proposals in the fiscal year 1983 budget which would restrict access to guaranteed student loans, eliminate three student assistance programs, and greatly reduce access to the Pell grant while reducing significantly the dollar amount of the Pell grant award. There are also significant reductions proposed in the college work study program. These proposals are offered as a means of reducing program costs and Government spending. Central to the arguments in support of these proposals is the contention that no truly needy and deserving student would be denied a college or graduate education due to the lack of adequate financial support through the Federal student aid programs.

The Senate Education Subcommittee has obtained a wide range of viewpoints from college presidents, graduate and undergraduate students, and interested professionals on the education proposals the administration has recommended for the fiscal year 1983 budget. The unanimous conclusion based on testimony of all the witnesses is that numerous deserving students in need of financial support to complete their educational goals will be denied this opportunity if these proposals are enacted.

The administration has proposed several changes in the guaranteed student loan program designed to restrict access and reduce Government spending. These proposals would double the loan origination fee from 5 to 10 percent; the $30,000 income cap below which a need determination for eligibility need not be made, would be eliminated by limiting eligibility to unmet need—cost minus family contributions and other aid; and graduate and professional students would be removed from eligibility.

The elimination of the $30,000 income cap below which a determination of expected family contribution currently need not be made, would have a negative impact on numerous students. This proposal would especially impact students attending public institutions, as these schools usually enroll a large number of independent undergraduate students.

The proposal would adversely affect the very poor students who are almost totally dependent on student aid to finance their higher education. If such a policy were enacted other aid sources such as the Pell grant, if included as family income as is proposed, would increase the expected family contribution and therefore reduce the actual dollar amount a student would be entitled to borrow. Many students, as has been indicated here today, cannot secure from family contribution or summer employment earnings, the additional money needed to finance their education beyond the Pell grant contribution. With the decreases which have been enacted in the allowable Pell grant award, as well as the additional reductions proposed for fiscal year 1983, many students will be hard pressed to secure the additional funds needed to fully finance their educational program.

Another proposal the administration has recommended to restrict access to the GSL program is to restrict loan eligibility to undergraduate students. Graduate students would no longer be eligible for the GSL program as it is currently known. The auxiliary loans to assist students [ALAS] program under which graduate students and parents would be able to borrow, would allow an annual loan limit to be raised to $8,000, but at an annual interest rate of 14 percent.

For graduate students, denial of access to GSL would present critical problems. Even if students were willing to borrow under the high interest rates, there will be substantial reluctance to make unsubsidized loans of this magnitude available. The in-school interest subsidy would also be eliminated under this proposal. Full-time students could have the payment of principal deferred, but most graduate students are part time, and therefore would be expected to repay principal as well as interest while in school. Graduate students who are able to obtain ALAS loans would increase their indebtedness by as much as 67 percent.

Many States do not currently guarantee ALAS loans. In States where these programs are available, many lending institutions are choosing not to participate in the program. Banks will be reluctant to make ALAS loans to graduate students, since the absence of in-school interest subsidy would necessitate billing students monthly or quarterly, or allowing interest to accrue which would deprive the lender of required cash flow.

The other proposal the administration has proposed designed to reduce expenditures in the GSL program by shifting costs to students, is that of increasing the loan origination fee from 5 percent to 10 percent. The record would support the position that we have not sufficiently evaluated or assessed the impact of the 5-percent origination fee which was also enacted with the Omnibus Budget Reconciliation Act of 1981. The impact must be evaluated in terms of long-term cost effect per dollar loaned, as well as in terms of the transfer of cost effect on students. Students participating in the program would be adversely affected due to loss of usable loan funds to invest in their education. This loan origination fee is subtracted from the loan amount. For undergraduate borrowers, doubling the origination fee and requiring market interest rates after leaving school would increase indebtedness by an estimated 19 percent. This policy is not sensitive to interest rates, and inherent in the policy is the assumption that half of all borrowers borrow an additional 5 percent to cover the cost of the fee. Based on the testimony in the record it would be unreasonable to change the origination fee again, at this time.

Pell grants, the foundation program for Federal student assistance, would be reduced from $2.3 to $1.4 billion in fiscal year 1983. This would mean a 47-percent cut from fiscal year 1981 and a 38-percent cut from fiscal year 1982. This would eliminate hundreds of thousands of students from the program. To avoid a drastic reduction in the number of program eligibles absolute eligibility based on reduction from $27,000 to $14,000 annual family income cap, the administration is proposing to cut the maximum annual award to $1,600. This cut in the allowable Pell grant award represents a 12-percent decrease at a time when costs of higher education are spiraling by as much as 20 percent on many campuses across the country.

Massive cuts in Federal student aid, and in most of the categorical support programs for higher education, are proposed in the administration's fiscal year 1983 budget for the Education Department. Budget reductions proposed in the student aid category represent over a 50-percent cut below the levels for last year's Budget Reconciliation Act. The college work study program and the Pell grant program would be dramatically reduced while three major programs are proposed for elimination. These programs include: Supplemental grants, State student incentive grants, and national direct student loans. If these proposals are enacted, tens of thousands of students will be forced to drop out of school or change their educational plans.

Some 600,000 graduate students now depend on the GSL program to finance their education. A majority of them will be unable to continue their education if the administration's recommendations are adopted. The proposals in the GSL program would have an enormous impact on graduate students in terms of absolute costs and the availability of loan capital.

In order to receive a return on the investment the Federal Government has made in behalf of hundreds of thousands of students to date, continued support in the form of student loans—for the graduate and undergraduate student—must be continued. This support should not, however, be designed to penalize the persons it is designed to assist. Testimony received mandates that graduate and undergraduate students should be entitled to participate in the GSL program.

Testimony received has supported the position of the importance to emphasize the traditional role of students and their families in financing higher education—when such support is possible and feasible. However, the record further suggests it is imperative that the Federal Government continue to support the young adults—students—who cannot pay their own way but who desire to better themselves as productive citizens through the attainment of a postsecondary degree. To this end, the Congress remains committed to the survival of the Federal student aid programs.

Testimony received in the record suggests that it is imperative that the Federal Government maintain its support of these vital education programs. These programs were conceived to insure that all students have equal access, opportunity, and choice to attend institutions of higher education. Proponents of these student aid programs argue the need to reemphasize the traditional role of students and their families in financing higher education, and the need to reduce overall Federal spending. Opponents argue that education of many low- and middle-income postsecondary students will be adversely affected by the proposed reductions in the amounts of Federal student aid or new restrictions on eligibility. As we have learned here today, a number of postsecondary institutions, especially higher cost private and public institutions, will suffer enrollment decreases as students shift to lower cost institutions in an attempt to compensate for reductions in Federal student aid. It is important for Members of Congress to consider the long-term effects of what is being proposed and the impact on educational systems.

At this point I order printed all statements of those who could not attend and other pertiment material submitted for the record.

[The material referred to follows:]

STATE STUDENT ADVISORY COUNCIL ON EDUCATION OF CONNECTICUT

Position Statement on Budget Cuts

We, the State Student Advisory Council on Education of Connecticut, feel that the Reagan administration's budget cuts have, and will, cut too deeply into the education system. Our country's future rests in the education system. We must provide the best services possible to our youth. The block grant system will inevitably cause states to reduce funding in education as well. We cannot afford the consequences of providing an inadequate education to students.

Furthermore, the cuts in the student aid programs will directly affect the number and quality of our college graduates. Students who have the potential, but not the money, should not be denied their right to further their education.

3 Arnold Drive
Bloomfield, Connecticut 06002
February 15, 1982

Senator Lowell P. Weicker, Jr.
Room 313
Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Weicker:

Enclosed are the results of a survey administered to Bloomfield High School seniors which show the impact that the proposed cuts in federal funding for higher education will have on Connecticut's college bound students. The results are very pertinent to the issues that will be considered at the Field Hearing of the United States Senate Subcommittee on Education on Friday, February 19, 1982.

As a member of the State Student Advisory Council on Education, I was chosen as one of four students who would potentially give an oral testimony at the hearing. However, with a limited amount of time available for the hearing, only one college bound student was invited to give testimony. Because I feel that this survey presents a highly personalized expression of the importance of a federal commitment to higher education, I am submitting the survey as written testimony.

Students taking the survey provided a plethora of commentary regarding their disapproval of the Reagan Administration's recent proposals. Although Bloomfield High School seniors may hold opinions which are discrete from those of their peers in other locations, it is more likely that their beliefs are representative of a statewide if nationwide general opinion.

I am dedicated to the preservation of the Federal Student

Assistance Program. Without such aid, the racial and socioeconomic diversity which has made my high school experience so rewarding will be replaced by a collegiate peer group in which elitism and homogeneity will be manifested. I hope that you will consider this testimony.

Sincerely,

Todd H. Shuster
Bloomfield High School

A survey recently administered to Bloomfield High School seniors shows that students need more funding for higher education than federal and state financial aid resources now promise. One hundred and fifty of the two hundred seniors polled responded. Forty-five percent of the responses came from black students, fifty-two percent from white students, and the remainder from Hispanic, Puerto Rican, and West Indian students.

The survey revealed that a majority of high school seniors are college bound. Seventy-two percent of the respondents plan on attending a two-year or four-year college, nine percent plan on attending a technical or vocational institute, eight percent plan on serving in the military, and eleven percent intend to enter the job market.

When asked how much of "the bill" they felt absolutely needed to be funded by financial aid, college bound seniors responded as follows. Fourteen percent will need all of their expenses to be alleviated, thirty-four percent will need one half of their expenses paid for, twenty-one percent will need one quarter, sixteen percent will need very little, and fourteen percent will need no aid at all.

Yet when asked how much of "the bill" these college bound seniors anticipated would actually be funded by financial aid, they responded much differently. Only eleven percent anticipate receiving financial aid for all of their expenses, twenty-five percent anticipate receiving one half, twenty percent anticipate receiving one quarter, twenty-one percent anticipate receiving very little aid, and twenty-one percent anticipate receiving no aid at all. Clearly evinced is the fact that college bound seniors feel a strong need for financial aid. Yet as the results show, students realize that the need will not always be met by the actual rations allotted by state and federal sources. The students' responses to the questions and their additional comments reflect a spirit of remonstration against the federal government's recently devitalized commitment to education.

The following facts were introduced to the students taking the survey:

1. The Reagan Administration is proposing the cutting off of Pell Grants (for people already in college) from $3.2 billion this year, to $1.8 billion next year.

2. State grants, supported by federal funds, may be cut from $2.3 billion this year, to $1.8 billion next year.

3. Connecticut faces a $33.5 million deficit this year. The state may not be able to compensate for the federal cuts in higher education funding.

4. Colleges may be forced to end "aid-blind" admission policies.

Considering these facts, Bloomfield High School seniors made the following comments:

"If these cuts go into effect, it will be highly unlikely for me to attend college."

"Reagan's cutting of the grants and programs used to aid higher education is going to have a serious effect on students attending college. So many students have such potential, yet they cannot afford college. The students of today are tomorrow's leaders."

"I think that the cutting of these funds will be disastrous. It will accelerate the process already in motion which will 'separate the classes.' The way the economy is heading, there will be two classes--the very rich and the very poor--an elimination of the middle class. By not being able to attend college due to financial aid cuts, middle class students will eventually become lower class. Those with money will become richer due to their edification."

"How can Reagan expect the future generations to be in the position to take over the running of this country when most of us are being put into a position of not even being able to go to college?"

"Reagan obviously seems to believe that huge expenditures in the military will provide a potential for national development greater than modest expenditures on higher education. Cutting the Pell Grants results in a saving of $1.4 billion, which will affect some one and a half million students' ability to attend college. For a less than one percent reduction in budget outlays attempting to curb the effect of a ninety-one billion dollar deficit, Reagan is destroying the nation's greatest asset: potential."

"I think that the Reagan Administration helps the white and hurts the poor."

"I feel that everyone has the right to an education. Therefore I disagree with the cutting proposal.. Education should be free."

"Reagan has feelings only for those with money and for those who can afford the luxuries of life. He should show more compassion. Power should not come first, human lives should."

"The budget cuts are depressing. I hope that they will not prevent me from going to college. But if I cannot get enough financial aid, I may have to be satisfied with going to a college that is not my top choice."

"With Reagan cutting funds and deemphasizing the importance of higher education, it will become especially difficult for blacks and other minorities to go to college, and to stay in college."

"Reagan should stop these outrageous cutbacks on the poor, and apply the pressure on the rich businessmen."

"Education today is very important. Today's children make up tomorrow's society."

In short, the students' comments constitute a united appeal for a federal commitment to education. Bloomfield High School seniors, representing a racially diverse group of individuals, are in harmony with the notion that students form a source of potential that must be realized. With an insufficient dedication to the importance of learning, the Reagan Administration now poses a great threat to the post-secondary education which students undividedly covet.

Students are calling for a clarification of our nation's value system. The relatively small amount of funding required for the financial aid grant programs can easily be furnished with harmless cuts from what students consider to be an excessive military budget. The Reagan Administration must preserve a spirit of learning in our country to defeat the toxin we know of as ignorance. Education forms the hands that will one day close our nation's "window of vulnerability," the hands that will continue to nurture our teeming human resource.

Amount of Aid	Students who Need Aid	Students who Anticipate actually Receiving Aid
All Expenses	14%	11%
One half of Expenses	34%	25%
One quarter of Expenses	21%	20%
Very Little of Expenses	16%	21%
None of Expenses	14%	21%

QUINEBAUG VALLEY COMMUNITY COLLEGE
DANIELSON, CONNECTICUT 06239

OFFICE OF THE PRESIDENT

February 17, 1982

Senator Lowell Weicker, Jr.
Room 313
Russell Senate Office Building
Washington, D. C. 20510

Attention: John A. Doyle

Dear Senator Weicker:

Enclosed is a statement on the potential impact of financial aid cuts on students at Quinebaug Valley Community College. I submit this as part of the written testimony for your hearings.

The reduction of federally funded student aid programs would be a calamity, not only for low income families but for middle income families. I urge you to continue your efforts to prevent the Reagen administration from dramatically reducing educational opportunity for hundreds of thousands of our citizens.

Sincerely,

Bob

Robert E. Miller
President

rem:rs

enclosure

Potential Impact of Student Aid Cuts On Quinebaug Valley Community College

The northeast sector of Connecticut served by Quinebaug Valley Community College suffers from extraordinarily high unemployment and social deprivation. In December 1981 the Danielson labor area unemployment rate was 10.3%, the second highest in the state. In the same month, average weekly earnings for manufacturing, production, maintenance and related workers was $254.82, nearly the lowest such average in the state. Our region has a high school attrition three times higher than the state average. The region also has substandard housing (twice the state average), and a high proportion of working mothers with young children. Only 9% of the area's population are college graduates.

Cutbacks in federally funded student aid programs would mean the loss of over 100 students every semester, approximately 15% of the student population. The northeast sector has a proud population. Our constituency requests little and receives much less overall in social welfare programs than other regions. Per capita expenditures on social services within the QVCC service region is $2.48 per capita vs. $12.34 per capita for the state. College work study, QVCC's largest campus-based program, lets students accept financial assistance without sacrificing pride. Our students like to be able to "earn" their way. Cutbacks in the college work study program would seriously wound our ability to help those who find work the only respectable way to accept financial aid.

Community colleges were founded to provide access to further education to those who faced barriers elsewhere. One of the largest barriers has traditionally proven to be cost. A full-time student at QVCC pays $404 in tuition and fees and approximately $250 in books and supplies. The average student commutes 10 miles a day to class and must provide his or her own transportation. In a community where the median income is $10,000 per year, a $1,000 school cost represents 10% of a family's earnings. These students simply cannot afford that kind of cost without suffering noticeable hardship. QVCC and the students it serves cannot afford funding cuts. We urge President Reagan and Congress to increase student aid allocations to community colleges.

Robert E. Miller
President

UNIVERSITY OF BRIDGEPORT
BRIDGEPORT, CONNECTICUT 06602

TESTIMONY SUBMITTED FOR THE RECORD
BY LELAND MILES, PRESIDENT
OF THE UNIVERSITY OF BRIDGEPORT, BRIDGEPORT, CT

UNITED STATES SENATE SUB-COMMITTEE ON EDUCATION
FEBRUARY 19, 1982 - STORRS, CONNECTICUT

THE DRAMATIC EFFECT OF THE ADMINISTRATION'S BUDGET FOR FISCAL '83 WITH RESPECT TO HIGHER EDUCATION ON A NATIONAL BASIS IS WELL KNOWN. IT WOULD BE REDUNDANT TO RESTATE THEM IN DETAIL. OBVIOUSLY WHAT IS MOST IMPORTANT TO THE UNIVERSITY OF BRIDGEPORT IS HOW THESE CUTS WILL AFFECT OUR STUDENTS AND IN MANY RESPECTS HOW THESE CUTS AFFECT THE VIABILITY OF OUR PRIVATE NON-PROFIT INSTITUTION IN PARTICULAR.

IT IS IMPORTANT TO UNDERSTAND THAT STUDENTS AND INSTITUTIONS ARE NOT ALL AFFECTED EQUALLY. THE IMPACT OF THE PRESIDENT'S BUDGET PROGRAM ON WELL ENDOWED PRIVATE INSTITUTIONS OR ON HEAVILY SUBSIDIZED PUBLIC INSTITUTIONS AND THEIR STUDENTS IS QUITE DIFFERENT QUANTITATIVELY AND QUALITATIVELY-- COMPARED TO AN INDEPENDENT NON-PROFIT POST-SECONDARY URBAN INSTITUTION NOT BLESSED WITH EITHER ENORMOUS ENDOWMENTS OR SUBSIDIZED TAXPAYER SUPPORT AT THE STATE LEVEL.

ATTACHED TO OUR STATEMENT ARE TABLES THAT ILLUSTRATE THE DIRECT AND INDIRECT EFFECTS OF THE FEDERAL BUDGET FOR FISCAL '83 ON THE UNIVERSITY OF BRIDGEPORT'S STUDENTS. TO BE FAIR ABOUT THE IMPACT ON THE TOTAL NUMBER OF STUDENTS INVOLVED, IT MUST BE RECOGNIZED THAT THERE IS SOME OVERLAP AND, CONSEQUENTLY, AN INDIVIDUAL STUDENT WILL BE A RECIPIENT OF AID FROM ONE OR MORE OF THESE FEDERAL PROGRAMS. THEREFORE, APPROXIMATELY 2200 OF OUR STUDENTS WILL BE AFFECTED AND OF THAT NUMBER 450 MAY WELL BE SO GRIEVOUSLY HURT THAT THEY MAY BE FORCED TO DISCONTINUE THEIR EDUCATION OR

TURN TO A LOW-PRICE PUBLIC INSTITUTION WHOSE TAXPAYER SUBSIDY FOR A STUDENT IS, IN MANY RESPECTS, FAR GREATER IN ACTUAL DOLLARS THAN THOSE PROVIDED DIRECTLY FROM FEDERAL PROGRAMS.

IN SIMPLE TERMS, UNLESS THERE IS SOME REFINEMENT IN THE FEDERAL BUDGET, IT MAY COST TAXPAYERS MORE MONEY AT THE STATE LEVEL THAN CAN BE ABSORBED AT PRESENT IN AN ERA WHEN, AS IN THE STATE OF CONNECTICUT, A STATE BUDGET IS UNDER ENORMOUS FISCAL STRAIN.

OBVIOUSLY IT IS EASY TO STATE THAT THERE SHOULD BE NO CHANGE IN FEDERAL POLICY AND BUDGETS REGARDING AID TO STUDENTS IN POST-SECONDARY EDUCATION. REALISTICALLY, HOWEVER, SECRETARY BELL QUITE PROPERLY POINTED OUT RECENTLY "I THINK WE CAN MEET THE NEEDS OF STUDENTS WITH THE PROGRAM WE HAVE (PROPOSED). I DON'T THINK WE CAN MEET THE WANTS."

WHAT ALTERNATIVES, THEN, WOULD THE UNIVERSITY OF BRIDGEPORT SUGGEST TO THE ADMINISTRATION AND THE CONGRESS. A REDUCTION IN THE DEFENSE BUDGET WOULD ENABLE MONIES SAVED IN THAT AREA TO BE DIRECTED TO AREAS OF STUDENT FINANCIAL ASSISTANCE AND OTHER SOCIAL PROGRAMS. THE ULTIMATE CHOICE IN THIS REGARD, HOWEVER, MUST BE LEFT TO THE CONGRESS TO PROPERLY ASSESS HOW THIS NATION SHALL SPEND ITS LIMITED RESOURCES AMONG A WIDE ARRAY OF CONFLICTING REQUIREMENTS WITH REGARD TO THE PROPER LEVEL OF EXPENDITURE TO MEET SOCIAL NEEDS AND MILITARY DEFENSE.

A SECOND ALTERNATIVE WOULD BE TO MAINTAIN FEDERAL STUDENT ASSISTANCE AT CURRENT LEVELS, WITH A CLEAR MESSAGE BEING PRESENTED TO ALL ADMINISTRATORS AND FACULTY IN HIGHER EDUCATION THAT THEY HAVE AN OBLIGATION TO DEVELOP PRACTICAL APPROACHES AND PLANS TO ACCOMMODATE TO A REQUIREMENT OF REDUCING FEDERAL SUPPORT TO STUDENTS IN HIGHER EDUCATION AS PART OF REDUCING THE GROWTH IN OVERALL FEDERAL SPENDING.

A MORE STARTLING ALTERNATIVE, PERHAPS, BUT ONE WHICH SHOULD NOT BE IGNORED WOULD BE TO REQUIRE STATES TO CHARGE MORE OF THE DIRECT COST OF EDUCATION TO THOSE STUDENTS WHO ATTEND THEIR PUBLIC INSTITUTIONS. BY TIEING IN SOME MANNER FEDERAL STUDENT AID TO SUCH REQUIREMENT, THIS WOULD PERMIT A STATE TO APPLY A SIGNIFICANT PORTION OF ITS APPROPRIATION TO PUBLIC HIGHER EDUCATION IN ORDER TO PROVIDE NECESSARY FINANCIAL AID AT THE STATE LEVEL TO THOSE STUDENTS WHOSE FAMILY SITUATION WOULD NOT PERMIT THEM TO PAY THE RESULTING HIGHER PUBLIC TUITION.

NATURALLY THIS WOULD ALSO MEAN THAT STUDENTS FROM FAMILIES WHOSE INCOME IS HIGHER THAN AVERAGE WOULD NO LONGER PAY ONLY TEN TO TWENTY PERCENT OF THE TRUE COST OF A PUBLIC POST-SECONDARY EDUCATION--BUT MIGHT, UNDER SUCH A CONCEPT, PAY AT LEAST FIFTY PERCENT OF THE ACTUAL COST NOW BORNE BY ALL TAXPAYERS IN A STATE. THIS, IN COMBINATION WITH APPROPRIATE FEDERAL SUPPORT, WOULD CONCEIVABLY BRING GREATER EQUITY BETWEEN THAT TUITION CHARGED BY PUBLIC HIGHER EDUCATION AND THAT HIGHER TUITION NECESSARILY CHARGED BY THE INDEPENDENT NON-PROFIT SECTOR WHICH HAS SERVED THIS NATION SO WELL--WHILE AT THE SAME TIME PROPERLY REDUCE THE COST OF FEDERAL STUDENT AID.

ARE THERE ACCEPTABLE REDUCTIONS? A FEW SEEM REASONABLE. WE WOULD SUPPORT THE CONCEPT IN THE PRESIDENT'S PROPOSAL THAT ALL GUARANTEED STUDENT LOANS SHOULD BE BASED UPON A "NEEDS" TEST BUT WITH REASONABLE FLEXIBILITY UNDER THE LAW GIVEN TO FINANCIAL AID OFFICERS SO THAT THEY MIGHT HAVE THE RIGHT TO REVIEW A FAMILY'S FINANCIAL SITUATION--NOT MERELY ON THE BASIS OF A PRIOR YEAR'S INCOME BUT UPON ADDITIONAL EVIDENCE OF A REDUCTION IN THAT INCOME DURING THE YEAR IN WHICH THE STUDENT IS PLANNING TO ENTER INTO OR CONTINUE HIS OR HER POST-SECONDARY EDUCATIONAL EXPERIENCE. WHILE IT WILL PRESENT SOME FINANCIAL PROBLEMS TO A NUMBER OF STUDENTS, WE WOULD ALSO SUPPORT THE TEN PERCENT ORIGINATION FEE AS PROPOSED TO GUARANTEED STUDENT

LOANS AND THE PRINCIPLE OF THE FLUCTUATING INTEREST RATE WITH RESPECT TO GSL.

IF THE CONGRESS DOES NOT CHOOSE TO MAINTAIN THE PRESENT GSL PROGRAM FOR GRADUATE STUDENTS THEN IT IS SUGGESTED THE LAW ALLOW THOSE GRADUATE STUDENTS USING THE AUXILIARY LOAN PROGRAM, WHO WOULD NOT PASS A CREDIT CHECK, TO HAVE ACCESS TO THE PROGRAM ON THE BASIS OF OBTAINING A CO-SIGNER. AS TO THE PELL GRANT PROGRAM, THE CUTS IN THIS AREA ARE TOO DRAMATIC TO TAKE PLACE IN ONE YEAR. ANY REDUCTION IN PELL GRANTS SHOULD BE REDESIGNED SO THAT THE RATE OF CUTS IN THIS PROGRAM BE LESS SEVERE FOR FISCAL '83.

ANOTHER TOOL IS REQUIRED IN THE FIELD OF STUDENT FINANCIAL AID. PARADOXICALLY, IT WOULD BE CONTRARY TO THE PRESIDENT'S GOAL OF REDUCING REGULATIONS IN THE ADMINISTRATION OF GOVERNMENT PROGRAMS. IN THE CASE OF STUDENT FINANCIAL AID, WHATEVER AGENCY OF GOVERNMENT WILL EVENTUALLY DIRECT THE SYSTEM OF HIGHER EDUCATION SHOULD INSIST ON TIGHTENING UP THE NEEDS-ANALYSIS PROCEDURES. THIS MIGHT REQUIRE MORE FINANCIAL SUPPORT FROM PARENTS IN THE FUTURE.

IF DONE PROPERLY BY THE USE OF A SINGLE SIMPLE DOCUMENT; EASY TO READ AND UNDERSTAND SO THAT A STUDENT COULD APPLY FOR ANY FORM OF AID WITHIN THAT APPLICATION THAT DOES NOT COMPROMISE THE DATA ENTRY; IT WOULD BE POSSIBLE TO PROVIDE THE DELIVERY OF FINANCIAL AID TO THE MOST NEEDY OF OUR STUDENTS. FURTHER, IT WOULD GIVE MODEST AID TO THOSE WHERE SOME NEED IS DEMONSTRATED AND ELIMINATE SUPPORT FOR THOSE WHOSE FAMILY INCOME IS SUFFICIENT TO MEET THE EXPENSES OF HIGHER EDUCATION FOR THEIR SONS AND DAUGHTERS.

WHAT THE UNIVERSITY OF BRIDGEPORT IS SUGGESTING IS THAT THERE IS A ROLE FOR THE FEDERAL GOVERNMENT TO PLAY IN PROVIDING SUPPORT TO THOSE STUDENTS

WHOSE FAMILY SITUATION REQUIRES DIRECT FINANCIAL AID IN THE FORM OF GRANTS AND APPROPRIATE ACCESS TO GUARANTEED STUDENT LOANS.

WE BELIEVE THAT WHILE SOME OF THE OUTRAGE EXPRESSED BY HIGHER EDUCATION IS JUSTIFIED, IT IS NECESSARY TO SEPARATE RHETORIC FROM FACT IN ORDER TO DETERMINE HOW MANY STUDENTS ARE GOING TO BE GENUINELY HURT BY THE PROPOSED BUDGET. AT UB WE COULD EASILY PROCLAIM THAT ALMOST SIXTY PERCENT OF OUR STUDENTS ARE ADVERSELY AFFECTED. THE REALITY IS THAT APPROXIMATELY SEVEN PERCENT OR 450 OF OUR 7000 STUDENTS CANNOT ABSORB THE EFFECT OF THE PROPOSED CUTS.

THE RESPONSIBILITY OF THE PRESIDENT, THE CONGRESS AND THE PEOPLE OF THIS NATION IS TO ASSURE THAT THESE 450 STUDENTS, AND MANY THOUSANDS LIKE THEM, ARE NOT DENIED ACCESS TO POST-SECONDARY EDUCATION WHILE THE NATION SEEKS TO SOLVE ITS ECONOMIC CRISIS.

ADDENDUM

Should the above changes take place, the University of Bridgeport would lose the following Federal Aid at the current level of funding.

Direct

		# of Students	1981-82 Funding	1982-83 Proposed Funding	% of Loss
(1)	Pell Grant Reductions	326	$693,376	$346,688	50%
(2)	SEOG elimination	351	349,409	0	100
(3)	CWSP reduction	90	265,779	191,361	28
(4)	NDSL Elimination of Federal Capital Contribution	148	147,846	0	100
		18	46,800	0	100
(5)	Social Security Reduction (need based)	48	31,850	0	25
	Total	981	$1,535,060	$538,049	

Total Potential Loss to Students Attending the University of Bridgeport	$997,001

Indirect

		# of Students	1981-82 Funding	1982-83 Proposed Funding	% of Loss
(1)	Eliminate Guaranteed Student Loans for Graduate Students	720	$3,192,816	0	100%
(2)	Needs Test for All Guaranteed Student Loans	(est). 1000	2,500,000	0	100
(3)	Origination Fee Increased to 10%	(est) 1300	325,000	0	10
	Total	3020	$6,017,816	0	

Total Potential Loss to Students	$6,017,816

Total Number of Student Financial Aid Transactions	4001

STATE OF CONNECTICUT
MANCHESTER COMMUNITY COLLEGE
MANCHESTER, CONNECTICUT 06040

OFFICE OF THE PRESIDENT

February 12, 1982

Senator Lowell Weicker
Room 313
Russell Senate Office Building
Washington, D. C. 20510

Dear Senator Weicker:

This letter is submitted as written testimony pertinent to the hearing on proposed federal student aid reductions scheduled February 19, 1982 at the University of Connecticut.

The uncertainty that pervades our country is felt strongly in the community colleges, where the majority of students come from families with severely limited financial resources. The community colleges are democracy's colleges, for they alone provide geographic, academic, and financial access to higher education. No other collegiate institution is so closely tied to the people and the community, and no other collegiate institution has made so determined a commitment to meeting America's need for well trained technicians and paraprofessionals.

If President Reagan's economic policies are correct, there will be an unprecedented need for a professional and technically skilled labor force to fill the jobs his policies would create. What better opportunity to prepare for this demand than to serve the thousands of jobless workers who have been laid off in Connecticut. Yet all of Connecticut's public colleges and its university face curtailment and fiscal austerity. What is worse, the opportunity afforded by student aid money, so necessary to lower income groups, is ending.

At Manchester Community College, the state's largest, approximately 500 of 900 eligible recipients will see their financial aid ended under current federal proposals. These are our neediest students and are among those least likely to find employment without additional training.

BOARD OF TRUSTEES FOR REGIONAL COMMUNITY COLLEGES

In addition to this impact, we are receiving applications from increasing numbers of students who can no longer afford the college of their choice and who plan to study one or two years with us in order to afford higher tuitions elsewhere. Ironically, we are already filled to capacity, and this year we were forced to refuse admission to nearly 600 students because of inadequate facilities, staff, and funding.

I very much appreciate the initiatives you have taken in addressing the question of student aid reductions, and hope that it will be possible to maintain an adequate level of funding during the economically difficult years ahead.

Sincerely,

William E. Vincent

William E. Vincent
President

WEV/s

STATEMENT OF THE UNIVERSITY OF CONNECTICUT

HEALTH CENTER

SUBMITTED BY

JAMES E. MULVIHILL, D.M.D., VICE PRESIDENT FOR HEALTH AFFAIRS
AND EXECUTIVE DIRECTOR

BEFORE THE

U.S. SENATE SUBCOMMITTEE ON EDUCATION

OF THE COMMITTEE ON LABOR AND HUMAN RESOURCES

ON

FRIDAY FEBRUARY 19, 1982

THE UNIVERSITY OF CONNECTICUT
HEALTH CENTER

Mr. Chairman and Members of the Subcommittee on Education:

The University of Connecticut Health Center is strongly opposed to the drastic cutbacks and changes in the need-based student financial aid programs as proposed by the federal administration for FY "83".

Of particular detriment to the Health Center students and programs would be the proposed elimination of graduate and professional students from participation in the Guaranteed Student Loan Program (GSL).

It is easy to understand the popularity of a proposal to reduce financial aid support for groups likely to have relatively high future incomes. However, easy targets do not mean they are valid targets. The proposed elimination of the participation of graduate and professional students from participation in the Guaranteed Student Loan Program ignores the cumulative impact of the many other cut-backs in federal, state, and private support sources. For example, many health funding programs, including federal capitation funds, have been eliminated entirely. Other direct forms of student aid also are being reduced substantially or eliminated. These include the National Health Service Corps Scholarships, the National Direct Student Loan Program, the Health Profession Loan Program, the Exceptional Financial Need Program, and the College Work-Study Program. As a result, students find themselves with fewer ways to borrow or earn money at the very time reduced state support and inflation combine to drive the cost of graduate and professional education ever higher.

Perhaps the importance of the GSL might be demonstrated more vividly by the following facts:

FARMINGTON, CONNECTICUT 06032

The average annual cost of medical and dental education at the University of Connecticut Health Center is currently $12,000 per student. At that level, we find already that an increasing number of our students require loans to pay for their educational expenses. For example, of the 528 medical and dental students currently enrolled, 470 (or approximately 90%) require $3,077,259 in financial assistance. Of this amount, $2,335,705, or 76%, was borrowed through the Guaranteed Student Loan Program. Approximately 90% of all medical and dental students received financial aid from the Guaranteed Student Loan Program in 1981-82.

It is always difficult to predict the result of any change. However, our preliminary analysis would suggest that, without the GSL Program, approximately 150 students might be forced to end their education or at least suffer substantial interruption to its progress. That amounts to nearly one-third of our combined medical and dental student enrollment.

Still others will be discouraged from ever enrolling in graduate or professional education. Youth from lower and middle income backgrounds, in particular, would find it extremely difficult to pursue a graduate and professional education as would a disproportionate number of minorities. As a result, medical and dental school enrollments would be limited to financially fortunate youths.

It is obvious that the Guaranteed Student Loan Program is the major resource for graduate and professional students. Lack of access could be devastating to them and to the nation which relies on educated professionals for its future well-being.

We are told that, under the administration's proposal, the Auxiliary Loans to Assist Students (ALAS) program would be the alternative to GSL. This does not appear to us to be a viable alternative. I say this because our review of the financial aid situation indicates that while 28 banks in Connecticut could participate, none will lend money under the ALAS program because it is not federally subsidized. Therefore, there is no immediate return on their money. Equally important, students who borrow the maximum of $32,000 for four years of study would be required under this program to pay $45,000 in interest during the last year of their education. Given the limited, financial resources of most students, many would not be able to afford to repay such interest while enrolled in school. The ALAS program, based on this fact alone, is inadequate as a viable resource for graduate and professional students.

Even where students can afford to borrow from the ALAS program, and are able to find a lender, there would be an increase in educational indebtedness at graduation from the current average of $23,000 to $30,000 or more. With increased indebtedness, students might well decline to practice primary care and choose instead the more remunerative specialties. In addition, these increased debt levels will inevitably be passed on to patients in the form of higher medical costs. Such consequences are an undesirable deterrent to quality and accessible patient care services. They are also exactly counter to other stated priorities and goals announced by the administration.

If higher education is to be a national significance rather than a national tragedy, the administrative proposals to cutback on student finanical assistance programs and eliminate graduate and professional student participation in the Guaranteed Student Loan program should be rejected. We strongly urge reconsideration of financial aid programs that will maintain and increase access to education for talented youths regardless of economic status, race, creed or religion. It would maximize our ability to fulfill a national responsibility of providing future generations of needed talent to contribute to the nation's economic and social well-being.

UNIVERSITY OF NEW HAVEN
WEST HAVEN, CONNECTICUT 06516

PHILLIP KAPLAN
PRESIDENT

February 17, 1982

The Honorable Lowell Weicker
United States Senator
313 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Weicker:

Thank you for your letter of February 10, 1982, inviting representatives from the University of New Haven to attend the field hearing of the Senate Subcommittee on Education at the University of Connecticut on February 19, 1982.

We share fully your concern about the proposed reductions in student financial aid which have been recommended in the President's proposed budget for fiscal 1982. Enclosed is a letter sent directly to President Reagan on the subject which was signed by the University's entire administration.

With every kind wish, I remain

Sincerely,

Phillip Kaplan

Enclosure

unh
University of New Haven, West Haven, Connecticut 06516—(203) 934-6321

January 22, 1982

The President
The White House
Washington, D. C. 20500

Dear Mr. President,

We are deeply concerned about the proposed reductions in student financial aid embodied in the Continuing Resolution for Fiscal 1982, budget proposals to complete the process for 1982, and the even more substantial reductions under consideration for Fiscal 1983.

Connecticut, though small, contains within its borders the widest range of higher education institutions, extending from public two-year institutions with open admissions policies to the most selective, research-oriented public and private universities. If your budget proposals pass, however, thousands of students will be unable to attend the college of their choice and each institution, regardless of its character or student profile, will suffer in its ability to educate students and to carry out its chartered mission.

Over the past forty years, the nation has benefited immensely from its investment in higher education. The changes you are proposing threaten every facet of our national strength and vitality as well as our leadership in the free world. Our young people have come to rely upon and deserve an opportunity to participate in and contribute to the educational and economic strength of our society by continuing their education beyond high school. Adequate financial aid is the necessary foundation stone for this participation.

Mr. President, we as a community, are distressed that you appear to perceive higher education to be a national expense. It is not. It is, rather, an investment in America and its future. You must agree that your plans for the country depend on an educated, skilled, and literate population. This education will not happen by accident. It requires a continuing national commitment. You, as the President of the United States, must be our foremost advocate.

Secretary

Sincerely,

Phillip Kaplan
President

Gwendolyn Jensen
Dean, Graduate School

James W. Uebelacker
Assistant Provost

Konstantine Lambrakis
Dean, School of Engineering

Treasurer

Norman B Robinson
Dean, Student Affairs and
Services

Dean, School of Arts and Sciences

Director of Resident Services

Chairman of the Faculty

Acting Dean, Admissions and
Financial Aid

Director, Personnel

Donato G Lupacchino
President, Day Student Government

Director, Division of
Criminal Justice

John M Lupton
Vice President for Development and
Institutional Relations

William A Rowen
Director, Evening Studies

Alexis N. Sommer
Provost

Wilda S. Hanerman
Director, Equal Opportunity

Stephen Grodzinsky
Vice Chairman of the Faculty

STATEMENT
OF THE
CONNECTICUT ASSOCIATION OF PROFESSIONAL FINANCIAL AID ADMINISTRATORS

SUBMITTED TO THE
SUBCOMMITTEE ON EDUCATION, ART, AND HUMANITIES
UNITED STATES SENATE

FEBRUARY 19, 1982

PRESENTED BY:
MARC S. HERZOG, PRESIDENT

Mr. Chairman, members of the subcommittee, the Connecticut Association of Professional Financial Aid Administrators is pleased to have the opportunity to provide this written testimony regarding the proposals made by the Administration effecting federal student financial assistance programs. The association is honored that the State of Connecticut was selected as a site for a field hearing. We thank Senator Weicker for his coordination of this hearing and for his continued support of higher education.

The Administrations fiscal year 1983 budget has proposed another round of massive reductions in Federal Student Assistance Programs. These reductions in total federal spending for need based student aid programs are 46 percent below the levels of the fiscal year 1982 Continuing Resolution, 49 percent below the fiscal year 1981 funding levels, and 56 percent below the ceilings established by the Budget Reconciliation Act in August, 1981. The budget cuts effect all of the campus based federal programs; the Supplemental Educational Opportunity Grant, National Direct Student Loan, College Work-Study, Guaranteed Student Loan Programs, the Pell Grant Program, and the State Student Incentive Grant Program which, in Connecticut, the funds are used to partially fund the State Scholarship Program.

The overall effects of these budget reductions will be devastating to higher education. It has been estimated that funding cuts of this magnitude would remove more than one million students from the Pell Grant Program and eliminate another 1.3 million awards under the campus-based assistance programs.

It is our view that these budget cuts have been recommended without a clear understanding of the significance of higher education. Higher education should not be viewed as an expense, but rather as an investment. It is an investment in the human capital needed to complement the physical capital, the factories, corporations, businesses, and stores which the administration claims will be created by its tax and spending policies. The contribution of colleges and universities to spurring economic growth and national security is vital. Higher education is a long-term investment for our nation. It is an investment which, in the past, the Congress, taxpayers, and voters have been committed to make from the federal treasury.

When Congress enacted the National Defense Education Act in 1958 it said: "the security of the nation requires the fullest development of the mental resources and technical skills its young men and women.... We must increase our efforts to identify and educate more of the talent of this nation. This requires programs that will give assurance that no student of ability will be denied an opportunity for higher education because of financial need...". Students need financial assistance to attend the college or university of their choice. The institutions need students to maintain operations and, most important, this nation needs trained people if its economy is to be revitalized and its national defense strengthened. We should not destroy the foundations of the programs congress has established nor make it impossible for citizens with limited resources to have access to funds which they need to pay for their education.

The effects of the Administrations budget proposals in Connecticut would be extremely detrimental to many of our citizens. The total reduction in need-based federal funding would amount to $17,196,867.00.

Higher education institutions prepared their request for federal funds for the 1981-82 academic year following the Department of Educations regulations. These regulations provide that the request be based on documented need; students enrolled at the institution who have filed a Department of Education approved need analysis document. Connecticut institutions requested $39,036,292 from the three campus-based programs (SEOG, NDSL, and CWSP). We received an allocation of $13,775,420 or 35.4% of the amount requested. Connecticut institutions have been able to define an enormous financial need far short of having the necessary funding to meet this identified need. With college costs increasing at the same time funding levels are decreasing, many families will not be able to cope with this widening gap.

Over the last fifteen years, the Congress has developed a series of financial aid programs to assist in the development of the educational and human resources needs of our nation. These programs were developed as a partnership between the higher education institutions, the student and his or her family, the State Government, and the Federal Government, The Congress legislated some very effective student financial aid programs which were meeting the goals for which they were established.

The Administrations proposals will jeopardize our nations ability to provide higher education opportunities and develop the human resource side of our economy. Specifically, the Connecticut Association of Professional Financial Aid Administrators opposes any rescissions for the fiscal year 1982 budget and any additional budget reductions for the fiscal year 1983 budget. We recommend that funding levels for the need-based financial assistance programs not be reduced below the fiscal year 1981 final budget appropriations.

With regard to the Guaranteed Student Loan Program, we oppose the increase of the origination fee and the limitation of special allowance interest benefit payments to the in-school and deferment periods plus a two year period following graduation. These provisions would provide to great a hardship on students who demonstrated financial need to be eligible for the loan and would be a extreme financial burden for most borrowers in the repayment period.

The proposal to allow graduate and professional students to borrow only under the auxiliary loan program will literally prohibit access to a federal loan program. To date, banks in Connecticut have refused to make loans under the ALAS program to these individuals. Indications are very clear from the banking community that they are not enthusiastic about allowing independent, graduate and professional students to participate in the ALAS program. We strongly recommend that graduate and professional students be allowed to continue eligibility in the student loan program.

Regarding the proposal to apply a need test to all students at all income levels, we recommend that any change in authorizing legislation be very clear in the language regarding the determination of financial need. We recommend that need analysis system be realistic, equitable, and consistent in the determination of the families ability to pay for higher education. The need analysis system must not be permitted to be used as a rationing devise for loan eligibility.

The Subcommittees support for these specific recommendations and for federal student financial assistance programs, to assure equal educational opportunity for all of our citizens is greatly appreciated.

TITLE IV - STUDENT AID APPROPRIATIONS

	ACTUAL	ACTUAL	CONTINUING RESOLUTION	ADMINISTRATION PROPOSED
Budget FY	80	81	82	83
Academic Year	80-81	81-82	82-83	83-84
Pell Grants	2.699*	2.346	2.279B	1.44B
SEOG	370m	370m	278m	0
NDSL	286m	186m	179m	0
CWSP	550m	550m	528m	397
SSIG	76.75m	76.75m	73.7m	0

*includes 258m supplemental appropriation

CONNECTICUT

FUNDING LEVELS 1981 - 1982

PROGRAM	81-82	NUMBER STUDENTS	AVERAGE AWARD
PELL	$17,592,297	20,128	874
SEOG	5,083,651	8,168	622
NDSL(FCC)	2,222,563	2,924	760
CWSP	6,469,206	10,595	610
SSIG	999,000	1,000	999

COMPARISON OF FUNDING LEVELS

FROM FINAL APPROPRIATION 81-82 to PROJECTED RESCISSION 82-83

					Reduction
PELL	2.346B	to	2.187B	-	6.7%
SEOG	370m	to	278m	-	24.8%
NDSL	186m	to	17[illegible]	-	3.7%
CWSP	550m	to	484m	-	12%
SSIG	76.75	to	70.65	-	7.9%

CONNECTICUT

POTENTIAL EFFECT OF RESCISSION AND BUDGET CUTS

1982 - 1983

	1981-1982	PROJECTED 1982-1983	Reduction
PELL	$17,592,297	$16,413,613	$1,178,684
# Students	20,128	18,779	1,349
SEOG	5,083,651	3,822,906	1,260,745
# Students	8,168	6,143	2,025
NDSL(FCC)	2,222,563	2,140,328	82,235
# Students	2,924	2,816	108
CWSP	6,469,206	5,692,901	776,305
# Students	10,595	9,324	1,271
SSIG	999,000	920,079	78,921
# Students	1,000	921	79

Total Reduction of Federal Funds - $3,376,890

COMPARISON OF FUNDING LEVELS

FROM FINAL 1981-1982 APPROPRIATION TO
PROPOSED FY 1983, (83-84) BUDGET

	1981-1982	PROPOSED 1983-1984	REDUCTION
PELL	2.346B	1.4B	- 40.32%
SEOG	370m	0	-100%
NDSL	186	0	-100%
CWSP	550	397 484	- 27.8% - 12%
SSIG	76.75	0	-100%

CONNECTICUT

POTENTIAL EFFECT OF THE PROPOSED BUDGET REDUCTION

		PROJECTED	
	1981-1982	1983-1984	REDUCTION
PELL	$17,592,297	$10,499,083	$7,093,214
# Students	20,128	12,012	8,115
SEOG	5,083,651	0	5,083,651
# Students	8,168	0	8,168
NDSL(FCC)	2,222,563	0	2,222,563
# Students	2,924	0	2,924
CWSP	6,469,206	4,670,767	1,798,439
# Students	10,595	7,650	2,945
SSIG	999,000	0	999,000
# Students	1,000	0	1,000

Total Reduction of Federal Funds $17,196,867

CONNECTICUT

FUNDS REQUESTED (DOCUMENTED NEED)
VS. ALLOCATION (CAMPUS BASED PROGRAMS

1981 - 1982

	REQUEST	ALLOCATION	PERCENT
SEOG	15,778,851	5,083,651	32.3
NDSL(FCC)	10,658,097	2,222,563	20.6
CWSP	12,599,344	6,469,206	51.6
TOTAL	39,036,292	13,775,420	35.4

ALLOCATION OF FUNDS

CONNECTICUT % COMPARED TO U. S. TOTALS

1981 - 1982

	U.S.	CONNECTICUT	PERCENT	
PELL	2.346B	17.6m	.0075	.75%
SEOG	370m	5.1m	.0137	1.37%
NDSL(FCC)	170m	2.2m	.0129	1.29%
CWSP	550m	6.5m	.0118	1.18%
SSIG	76.75m	999k	.0130	1.30%

ADMINISTRATIONS PROPOSED CUTS

	REDUCTION %
FROM FY 1982 CONTINUING RESOLUTION LEVEL	-46%
FROM FY 1981 FINAL APPROPRIATION LEVEL	-49%
FROM RECONCILIATION CEILINGS ESTABLISHED AUGUST, 1981	-56%

TESTIMONY

Submitted to Senator Lowell Weiker
Field Hearing; Senate Subcommittee on Education, Arts, and Humanities.

By Frederick A. Peterson III, Director, Student Affairs Office
Seton Hall University Law School

As Director of Student Affairs at Seton Hall University School of Law, I have an acute interest in the current debate regarding elimination of the Guaranteed Student Loan Program at the graduate level and I ask your consent in permitting my testimony to be included in your Field Hearing on Student Financial Assistance Programs, Senate Subcommittee on Education, Arts, and Humanities.

It is with great concern and without tergiversation that I offer a strenuous dissent from the proposed elimination of government backed graduate level student loans (GSL). I believe this concern is deserving of particular note as it comes from one in sympathy with the general direction of recent administration economic policy initiatives. The enterprise of reducing the intrusiveness of government is arduous. It is fraught with hazards and variables which cut painfully across special interests and long held patterns of behavior and psychology. The long term effects of these initiatives, I believe, will be a rejuvenation of the American spirit, increase in the general welfare, broadening of freedom and economic well being of all our people.

Yet no great enterprise, particularly one so ambitious as the fundamental reallignment of economic power and policy of a nation, is without some misstep and necessary adjustment. One serious misstep has been the proposed diminution of financial aid for deserving college students, and the elimination of loan aid for graduate students. I object to such a policy not from hostile philosophical terrain or from inbred self interest but from sound economic principle thouroughly consistent with supply-side theory.

Student loans are not gifts. They are earned by merit and paid for by future production. They are a recoverable investment in credentials required for entry into the legal profession. If corrections in the program are needed, make them. But if the horse pulling your wagon gets frisky, the answer is to discipline the horse, not to shoot the horse and walk.

It is a truism that some student loan arrangements have been abused. Few would argue that we should not enforce loan obligations or that those who reap the advantages of higher education should not undertake the burden of their privileged status. This is only fair to the general population which is taxed to underwrite the loan and makes good economic sense.

Simple measures might be developed to increase the efficiency and fairness of the loan program. They might include a limit on loans to a percentage of tuition, say 75%, rather than a flat rate. This will contribute to a more equitable distribution and healthy competition between low-tuition public schools and private institutions. A further measure would be to reduce the low interest, government subsidy to cover only the first two years after graduation, at which time the loan repayment due would revert to the current market rate or a floating rate of interest. This would yield greater incentive to pay off the loan earlier. Loan checks should also be sent to the school, not the individual, to insure tuition obligations are met promptly and to control abusive application of loan funds. With a modicum of imagination serious and effective reforms are possible to the mutual advantage of government, schools, students and tax paying public.

Perhaps new mechanisms for enforcement are in order. Perhaps new and imaginative interest accomodations should be devised. Perhaps the colleges and universities can contribute to this end in a creative and cooperative effort. And I do not underestimate the collective genius of our elected representatives in balancing interests and answering needs when they are adequately demonstrated. Yet what is manifestly not needed is an arbitrary decision frought with dire disruption of individual lives with portents of even more undesirable and unforseen dislocations in the future.

A fundamental principle of supply side economics is reward and advantage based upon merit and market selection in the environment of broad opportunity. This, it is believed, will result in a natural selection process and general advance by society. The object of student loans should be to provide such opportunity to capitalize human talent to all who demonstrate aptitude, inclination, and willingness to assume the cost of their own opportunity. Elimination of such loans will most assuredly reduce opportunity, and thereby social benefit for all by reducing the supply, diversity, and quality of the product commodity of higher education in America.

At Seton Hall Law School eighty-nine percent of all financial aid monies awarded were in GSL. A total of 899, or seventy-eight percent of our student body, receive $4,098,477 in Guaranteed Student Loans. The average loan per student is $4,559. To expect that seventy-eight percent of our student body will each be able to raise close to 5,000 additional dollars per year, many of whom already are employed on at least a part-time basis, is at best unrealistic. The money is simply not there.

The consequence of such a plan will be immediate and undesirable. Enrollment will most certainly drop - percipitously - or entrance requirements will drop commensurately to meet reduced demand by those most able to afford the immediate cost. Less serious students will drop out but most certainly less qualified students will stay. Our national talent pool will be reduced. Accessibility of higher education shall be based increasingly on money rather than merit. This end answers needs of neither supply-side theory nor the humanistic inclinations of the American ideal.

Let us base our economy on merit. Let us reward performance. Let us reduce the instrusiveness and cost of government. But let us also remember that the surest route to these worthy ends is through open accessibility to education for all qualified citizens.

It can be said with certainty and without exaggeration that higher education in America will not survive in its present form if the guaranteed student loan program is discontinued. Certain consequences of its demise will appear desirable to some. Many other consequences will prove to be uncalculatedly costly, underexploitive of human capital, and patently undesirable for many others. Prudence, purity of economic theory, and political wisdom all compel a careful reexamination of the availability of student loans guaranteed by the government.

As an educator, law school administrator, and interested citizen I implore that this issue be given further consideration and that the guaranteed student loans programs be preserved in some form.

Competitive Employment for Mentally Retarded Persons: Costs Versus Benefits

Ken Schneider, Frank R. Rusch,
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University of Illinois, 1981

Running Head: Cost - Benefit Analysis

Abstract

For years, moderately/severely mentally retarded adults have been placed in sheltered workshops. Recently, competitive employment has been offered as an alternative to employment in sheltered workshops. However, this movement has been criticized because of the high costs associated with training prior to placement as well as costs associated with follow-up (re-) training. The purpose of this investigation was to examine the costs versus benefits of a model vocational training and placement/follow-up program--the Employment Training Project. The costs associated with the Project and the earnings of 22 retarded adults over a two year period were evaluated. Based upon these data as well as the data associated with overall programmatic variables, projections were made for overall costs versus benefits for a 20 year period. Results of this representative case study indicated that while the initial costs were high the cumulative earnings of individuals employed exceeded the total cumulative costs in the eighth year of the program. Further, individual total earnings exceeded individual total training costs by the end of the second year. A comparison was made between the costs of this project and a typical sheltered workshop. These results suggested that sheltered workshops always operate at a cost whereas programs that seek to employ individuals competitively operate at a benefit.

Descriptors: Cost-benefit analysis, competitive employment, sheltered workshops, mentally retarded adults, vocational training.

Competitive Employment for Mentally Retarded Persons: Costs Versus Benefits

Several different definitions of cost-benefit analyses have been developed for use in education (Cohn, 1979; Conley, 1973; Prest & Turvey, 1975; Webb, 1976). Each, however, similarly assesses the financial impact of educational projects by looking at the quantifiable costs and benefits that occur over a specific period of time. Although cost-benefit analyses should not ever become the sole reason given for discontinuing or continuing projects that serve handicapped populations, (e.g., sheltered workshops, group homes) cost-benefit analyses can aid in proving that, dollar for dollar, certain habilitation approaches return more to society than others (Bernard, 1979).

Community-based alternatives for mentally retarded persons typically include a range of residential and employment services. Residential options, for example, include large intermediate care facilities, group homes and foster homes; employment options often include day care and work activity centers, sheltered workshops, and competitive employment. To date, the mental retardation literature suggests savings are accrued when persons are moved toward less restrictive community-based residential alternatives (Intagliata, Willer, & Cooley, 1979). This literature also suggests that group homes are considerably more costly than foster family or natural family alternatives.

Typically, sheltered workshops offer diverse services to an even more diverse population of handicapped persons (Whitehead, 1979). Among these services are day care, work activity, extended sheltered employment, work evaluation, and transitional employment. Transitional employment refers to training for competitive employment. Although cost comparisons have been made for sheltered workshops located within institutional settings versus community settings (Intagliata et al., 1979) and for the typical services offered among sheltered workshops and across handicapping condition (Whitehead, 1979), little is known about the actual costs associated with transitional employment training.

Transitional employment training for competitive employment has been criticized largely because the available data on successful placements have been quite discouraging (Whitehead, 1979). In fact, it has been suggested that existing success rates refer to placements that have been successful due to their own abilities prior to association with sheltered workshops. Rusch and Mithaug (1980) indicated that it is quite possible that "successes" are typified by persons gaining little, if any, actual training. They further suggest that training, alone, will be the primary factor that will change the actual number of persons competing for employment in the public sector.

Recently, Rusch and Mithaug (1980) and Wehman (1981) have delineated the steps necessary to follow to competitively employ mentally retarded adults. An implicit assumption of both approaches is the existence of staff providing training, placement, and follow-up services. Rusch and his colleagues at the University of Illinois and Wehman and his colleagues at Virginia Commonwealth University suggest the train-place-train approach to vocational habilitiation for competitive employment results in a better than 50 percent success rate with persons previously thought to be unemployable.

Both Rusch and Wehman have assumed that cost-benefit savings would be considerable if those persons who had formerly been state-supported could at some point in their lives be self-supporting contributors to society. Both make this assertion even given the need for staff to train, place, and provide long-term follow-up. The purpose of this investigation was to determine, through accounting and budgeting procedures, whether the costs and benefits of the train-place-train approach to competitive employment were comparable to the costs and benefits of individuals employed in extended sheltered employment, i.e., in the sheltered workshop.

Method

Subjects

Table 1 displays individual demographic characteristics for persons trained, placed, and followed by the Employment Training Project between September 1978 and June 1980. Twenty-two mentally retarded adults between the ages of 19 and 45 (average age = 29) entered the training

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Insert Table 1 about here

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project. Of these individuals, two did not complete the training program, three were terminated during employment, while seventeen were employed as kitchen laborers/helpers. A variety of intelligence tests were used to estimate I.Q.'s. Tests used included the Wechsler Adult Intelligence Scale (WAIS), the Wechsler Intelligence Scale for Children, the Peabody Picture Vocabulary Test, the Slossen, and the Stanford-Binet Intelligence Test. Excluding the two persons for whom tests were not available (13 and 18) and two for whom tests were not administered due to "untestability" (6 and 14), scores ranged from 23 on the Slossen to 82 on the WAIS. On two occasions the Slossen was administered followed by the Peabody. These scores were 23 and 36 for the Slossen and 55 and 69 for the Peabody, for Subjects 8 and 9, respectively.

Each of the individuals, prior to entrance to the training project, was employed in a sheltered workshop (extended sheltered employment or work activity). Of these 22 persons,. 11 were males and 11 females. Prior to training 14 individuals resided in a 60-bed intermediate care facility for the developmentally disabled (ICF/DD) and eight lived with their parents. (See Table 2.) Eligibility criteria for admission to the project included no physical handicap, (e.g., paralysis) correctable hearing and sight, 18 years of age, 5ft. 2in. tall, and controlled seizure activity.

Insert Table 2 about here

The Employment Training Project

The Employment Training Project begin in 1978 with a seed grant from the College of Education at the University of Illinois. Since its inception, funding has been acquired from the Illinois Department of Rehabilitation Services, the Illinois Department of Public Aid, and the Illinois Department of Mental Health and Developmental Disabilities. The expressed purpose of the project was to train and employ mentally retarded adults in the Food Service Division of the Department of Housing and Food Services at the University of Illinois at Urbana-Champaign. The procedures and practices followed by the Employment Training Project are detailed in Rusch and Mithaug (1980). A number of studies have been conducted over the course of its two years of existence and readers are referred to these for extended discussions of subject and setting variables (Karlan & Rusch, in press; Menchetti, Rusch & Lamson, in press; Rusch & Menchetti, in press; Rusch & Schutz, 1979; Rusch & Schutz, in press; Rusch, Weithers, Menchetti & Schutz, 1980; Schutz, Jostes, Rusch, & Lamson, 1980; Schutz, Rusch, & Lamson, 1979).

Procedures

Costs. The direct and indirect costs between July 1978 and June 1980 for the training project that provided support for training, placement and follow-up services were analyzed. These data were obtained from the actual grant budgets supported by the various state agencies listed above. Those direct costs considered were personal services, contractual, commodities, and travel. Indirect costs covered agency, administrative, and business office expenses for the executive director, business office manager, bookkeeper, clerk/ typist, administrative secretary, associate director, and community educator. Costs for bus passes and taxi fares were not considered a cost factor since transportation would be required of most jobs and would not be considered as a cost to the program. It was from these costs and the average yearly earnings per individual that 10, 15 and 20 year projections of costs and earnings were calculated.

Benefits. Benefits, for the purposes of this investigation, refer to the gross earnings of each individual. Earnings were obtained for the 22 mentally retarded adults trained in food service related tasks and competitively employed as kitchen laborers in the university community from September 1973 to June 1980. The information was obtained from individual time cards at the University's payroll department. In addition to earnings, the wages, the number of hours worked per day and per week, days absent-excused and unexcused, minutes and hours late, and days suspended were accumulated. These data were used to determine the average earnings per year.

Costs Versus Benefits. From the yearly costs and earnings, cumulative costs and earnings were projected each year for a ten year period, as well as for the fifteenth and twentieth years. For any given year the costs of the training project remained constant. Earnings consisted of those individuals who were in training and competitively employed for the year. Earnings cumulated over each year were subtracted from the cumulative costs, as a measure of a cumulative net cost or benefit. The average net cost per individual entering the project was determined by summing the number of times individuals (number of person years) contributed to the cumulative cost-benefits over a set period of time, and dividing that figure into the net cumulative cost-benefit. For individuals trained and then competitively employed, net cost-benefits were determined yearly and cumulated for the ten year period. Earnings for all individuals employed, including those terminated, were subtracted from the costs for placement and follow-up. The net figure was then divided by the number of individuals competitively employed which was based on full-time equivalency units. Those individuals being trained during the first half of the year and those terminated were each given a weight of one-half of one unit. Those employed for a full year were assigned a weight of one unit.

Sheltered Workshop Comparison

Costs and earnings of a local sheltered workshop were obtained for the identical periods (i.e., years 1979 and 1980). Other relevant information which was not available through the sheltered workshop was procured from the Department of Labor reports prepared by Whitehead (1979).

Based on the average number of hours worked daily, the average monthly attendance of clients, and payments to clients, an average yearly payment per client and average hourly wage were calculated for clients in the sheltered workshop.

The net cost to society for each client in a typical sheltered workshop was obtained by subtracting the contracts acquired during a year from the total operating expenditures and dividing this figure by the average number of clients in attendance. From a yearly cost to society projections for the next ten years were determined. Cost to society for the next ten years for one client would then be the average yearly cost multiplied by ten.

The average cost to society for an individual working in a workshop was used to determine the cost to society if those individuals in the Employment Training Project were working in a sheltered workshop for the ten years instead of their current placement. This figure was obtained by multiplying the average cost per individual times the number of individuals in the training program and employed for each of the ten years.

Results

It was projected that each year approximately one person per seven during training and two individuals competitively employed would be terminated. Therefore, only four additional adults would be added each year to the cumulative number employed. A projection of the number of adults continuing/not continuing through training and competitive employment was determined for the ten year period. Approximately 78 individuals would start the training period. Ten would not continue past training. The expected cumulative number of adults employed at the end of the tenth year would be 49. For the ten year period it was estimated that 29 adults would be terminated.

During the first two years of the training project, actual data (Table 3) were used to project the costs and earnings for the next 8 years with additional projections at 15 and 20 years. For the first four years the net cumulative cost would reach its highest point at $152,842. During the fifth year the benefits ($157,227) would begin to exceed the yearly costs ($152,730). During the eighth year the cumulative benefits ($1,114,940) would exceed the cumulative costs ($1,108,844) resulting in a net cumulative benefit of $458. After ten years of the program 49 competitively employed and 29 terminated adults would have earned $1,626,724. The cost to operate the vocational training project would approach $1,414,304. Therefore, the net cumulative cost-benefit would result in a benefit of $212,420. After 15 years, 59 competitively employed and 44 terminated adults would have earned $3,202,179 at a cost of $2,177,954 leaving a net cumulative benefit of $1,024,225. In 20 years 89 competitively employed adults and 59 terminated adults would have earned $5,059,534 at a cost of $2,941,604 resulting in a net cumulative benefit of $2,117,930.

Insert Table 3 about here

An individual earned, during training, a gross salary of $3359. After training an individual earned for the remainder of the first year $2,164.32. The approximate earnings totaled $3,524 for the first year.

During each of the following years an individual will have earned approximately $5,638*. During the ten year period, earnings and costs were kept constant as it would be too difficult to determine whether the pay raises would be commensurate with inflationary rates. The figures did take into account an attrition rate (Table 3).

Costs for the average individual trained in the program and competitively employed are presented in Table 4. The average initial training cost for each of the original trainees was $1768. For the second year of the program, the average cost for placement and follow up services to individuals competitively employed was $3823 each. The projected total earnings for the third year would exceed by $12,000 the costs for placement and follow up. In the third year each of the 19 competitively employed and two individuals terminated would average a return benefit of $631. During the tenth year, 47 competitively employed individuals and the two individuals terminated would average a return benefit of $3,614.

Insert Table 4 about here

Using the net cumulative costs and earnings and the cumulative number of person years an average net cost per individual was computed (Table 3). During the first two years the average net cost rose from $1584 in the first year to a ten year high of $4280 in the second year. From the second to the seventh year the cost would decline. During the eighth year each individual who entered the program would yield a benefit of $1.50. During the tenth year each individual would contribute a benefit of $472.

Comparisons of the benefits and costs for training, placement, and follow up of 49 mentally retarded adults versus the alternative of placement of these individuals in sheltered workshops are presented in Table 3. The cost for placement of a mentally retarded adult in a sheltered workshop for one year was an average of $5,028. Thus, the projected total cost per individual for ten years would be $50,276. The cumulative cost for 49 individuals placed in a sheltered workshop instead of the Employment Training project would be $1,543,467.

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*For a ten year period, an adult will have earned approximately $54,266.

Discussion

Based upon a two year period, the benefits and costs of 22 moderate-severely retarded adults trained and competitively employed as kitchen laborers were investigated. These data were compared to the cost-benefit of an individual employment in a typical sheltered workshop. Competitive employment resulted in a positive benefit after the seventh year. By comparison, an individual placed in a sheltered workshop represents a constant cost to society.

Several monetary benefits accrued to the individual and to society as a result of competitive employment. Individuals in the sheltered workshop earned considerably less money per hour than those competitively employed ($.76 vs $3.44). For those individuals living at home with their family or independently in an apartment enough money was earned to enjoy many of society's common pleasures such as going out to dinner or going to a show with friends or co-workers. In fact, as a result of employment six persons associated with this project moved into apartment settings (Table 2).

For society the monetary benefits were realized in a variety of ways. Besides the national income being increased, tax revenues (federal and state) are also increased. It is from these taxes that welfare payments (e.g., SSI and SSDI) are made to handicapped individuals. Because of increased income there is a reduction in the amount of payments made to handicapped individuals. This reduction is another source of savings to society (e.g., by the Department of Public Aid). An investigation into other savings to society would be a useful extension of this study.

An additional savings to society would appear to result from the retraining of individuals after being terminated during employment. The cost of training is less than the cost of placement in a sheltered workshop over time. Furthermore, without retraining the amount of lost earnings as well as lost federal and state taxes would appear to be substantial. Besides the monetary returns to society and to the individual competitively employed there were nonmonetary benefits for the individual. One nonmonetary benefit to the individual consists of observing appropriate social skills and behaviors needed to interact with coworkers in a working environment. These social skills and behaviors are essential if retarded adults are to be integrated successfully into the workforce and the community. Bijou (1966) suggested that individuals excluded from nonsheltered settings develop socially inappropriate behavior.

Other nonmonetary benefits for the individual referred to the Employment Training Project included acquisition of useful skills, full medical coverage, partial dental coverage, a comprehensive retirement plan, voluntary union participation, admission to a residential program that trains each competitively employed person to live independently, and increased self respect and usefulness to society.

Although there are many advantages to training for competitive employment it is important to mention some of the disincentives. There were three major disincentives which became apparent after training. First, due to the limitation of time and materials it was not feasible to provide the needed massed trials required by trainees. For example, there was only one available soup kettle which could be cleaned during the day. A second major limitation of the project was that the data do not include the amount of unscheduled time needed to work on other skills such as grooming, time management, and riding the bus. It would be important to know this information as it involved time, some money, and represents an important aspect of this project. Perhaps the third limitation, "down time," provided the biggest obstacle in the provision of services during training. Down time occurred during typical university school breaks, e.g., Thanksgiving, Christmas and inter-semester breaks. Because so many students left school the food services training site was closed. Even though other social and survival skills, were taught some progress was lost and some retraining was needed. This raises the question that perhaps training should occur in off-campus settings.

Three limitations were also identified after training which had a significant impact on this project. Because food service industries operate on weekends and evenings the means of finding a ride to work were difficult at these times. Bus schedules and routes were different for nights and weekends than during the day. The typical alternative to the bus system was the taxi. However, because of their inconsistency in arriving on time, the amount of time one has to wait for a taxi cab and high costs, taxi cabs provided an ineffective and inefficient means of transportation. A second limitation of this project was that the adults were employed in the Food Service Division of the Department of Housing and Food Services at the University of Illinois at Urbana-Champaign, as opposed to being placed in restaurants outside university settings. Peterson, Rusch, and Sowers' (1976) survey in the Seattle area on restaurants' willingness to hire retarded, young adults indicated a lack of desire to employ retarded adults. One variable which might contribute to the successful integration of retarded adults into the food service industry would be the acceptance by employers and employees to work with mentally retarded adults. A third limitation occurred during school breaks and the summer when work hours were determined according to seniority (the number of years employed with the university). This procedure for determining hours affected each of the adults employed (i.e., "down time"). Just as during training, skills were lost during this time. Loss of skills results in possible termination. Perhaps, retraining should take place during "down time" to prevent the possible loss of one's job.

The literature has reported that mentally retarded individuals will always require some form of periodic follow-up by a case manager (Wehman et al., 1980). Whereas this process may appear quite costly, consider the alternative of the cost for placement in a sheltered setting. Data in this investigation suggests that placement in a sheltered workshop will always cost whereas, competitive employment with follow-up becomes beneficial after a relatively short period of time. If employers could be trained to do most of the follow-up work, the case manager would be required less often and costs might be further reduced. However, no matter how convincing the argument for non-sheltered competitive employment there are some and perhaps many mentally retarded adults that would rather work in a sheltered workshop.

Within the welfare system can be found disincentives which have kept many mentally retarded adults from entering vocational training programs. A mentally retarded person earning less than minimum wage at a sheltered workshop and living in a group home can draw benefits equal to the amount earned by an individual competitively employed. Benefits can be received from Social Security Disability Insurance, Supplemental Security Income and Title XX programs. Unless the nonmonetary benefits to competitive employment are accepted by mentally retarded adults, these individuals will continue to work in sheltered settings and live in group homes. It would appear that a sizeable amount of federal and state money would be saved if these individuals could become contributors to society instead of users of society's money.

In summary, the results of this investigation suggest that by the eighth year, this particular training program is cost-beneficial for mentally retarded adults, as opposed to placement in a sheltered workshop. It is important that the results in this study be considered applicable to similar settings. If integration of mentally retarded adults into the community is to be supported then projects with evidence to support the data found in this project are needed. It will be through the opportunities provided in projects such as these that mentally retarded individuals will truly become contributing participants of society.

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Table 1. Demographic Characteristics for 22 Retarded Adults Entering the Employment Training Project

Subject	Sex	Age	I.Q.[2]
002	M	27	51-WA
003	F	27	54-WA
004	F	28	76-P
005	F	27	62-P
006	F	24	Not testable
007	M	24	31-S
008	F	40	23-S; 55-P
009	M	23	36-S; 69-P
010	F	26	66-P
011	F	24	40-S
012	M	32	73-P
013	M	24	Unknown
014	M	45[1]	Not testable
015	F	26	60-P
016	F	43	28-SB
017	F	32[1]	49-WA
018	M	24[1]	Unknown
019	M	31	63-W
020	M	19	73-SB
021	M	33	45-WA
022	M	25	82-WA
023	F	27	67-WA

1 - estimates

2 -
I.Q. WS: Wechsler Adult Intelligence Scale
I.Q. P: Peabody Picture Vocabulary Test
I.Q. S: Slosson Intelligence Test
I.Q. W: Wechsler Intelligence Scale for Children
I.Q. SB: Stanford-Binet Intelligence Scale

Table 2. Days Enrolled in the Employment Training Program, Previous Employment Experience, Pre-Training Residential Placement and Post-Training Residential Placement

Subject	Pre-Training Experience Employment	Pre-Training Residential Placement	Post-Training Residential Placement
002	Unknown	ICFDD[1]	Apartment
003	Unknown	ICFDD	ICFDD
004	Sheltered Workshop (9)[3]	ICFDD	Apartment
005	Sheltered Workshop (5)	ICFDD	Apartment
006	Sheltered Workshop (4)	Parents' Home	Parents' Home
007	Sheltered Workshop (1)	ICFDD	Apartment
008	Sheltered Workshop (2)	ICFDD	Apartment
009	Sheltered Workshop (2)	ICFDD	ICFDD[2]
010	Unknown	Parents' Home	Parents' Home
011	Sheltered Workshop (2)	ICFDD	ICFDD
012	Sheltered Workshop (6)	Parents 'Home	Parents' Home
013	Unknown	ICFDD	ICFDD
014	Unknown	ICFDD	Parents' Home
015	Sheltered Workshop (1)	Parents' Home	Parents' Home
016	Sheltered Workshop (4)	ICFDD	ICFDD[2]
017	Sheltered Workshop (16)	Parents' Home	Parents' Home
018	Unknown	Parents' Home	Parents' Home
019	Unknown	ICFDD	Apartment
020	Newspaper Co. (6)	Parents' Home	Parents' Home
021	Unknown	ICFDD	ICFDD
022	Unknown	Parents' Home	Parents' Home
023	Unknown	ICFDD	ICFDD

1 - Intermediate Care Facility for Developmentally Disabled
2 - Slated for apartment
3 - Number of years prior to entering vocational training program

Table 3. Actual and Projected Costs and Earnings for Individuals in the Training Program and a Sheltered Workshop

	ACTUAL		PROJECTED →									
Number of Years	1	2	3	4	5	6	7	8	9	10	15	20
Year	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1992-93	1997-98
EMPLOYMENT TRAINING PROJECT												
Status												
New Trainees	11	11	7	7	7	7	7	7	7	7	7	7
Terminated:												
during training	0	2	1	1	1	1	1	1	1	1	1	1
during employment	1	2	2	2	2	2	2	2	2	2	2	2
Net employed at the end of year	10	7	4	4	4	4	4	4	4	4	4	4
Cumulative number employed at end of year	10	17	21	25	29	33	37	41	45	49	69	89
Program Costs	39,734	152,730	152,730	152,730	152,730	152,730	152,730	152,730	152,730	152,730	152,730	152,730
Program Earnings												
Competit. Employment Gross Earnings												
Trainees:												
terminated	-	2,831	771	771	771	771	771	771	771	771	771	771
complete training	20,282	18,946	21,144	21,144	21,144	21,144	21,144	21,144	21,144	21,144	21,144	21,144
Employees:												
terminated	2,027	4,821	5,638	5,638	5,638	5,638	5,638	5,638	5,638	5,638	5,638	5,638
complete training		49,407	84,570	107,122	129,674	152,226	174,778	197,330	219,882	242,434	310,090	366,470
Total Gross	22,309	76,005	112,123	134,645	157,227	179,779	202,331	224,803	247,435	269,987	337,643	394,023
Net Yearly Cost to Society	17,425	76,725	40,607	18,085	- 4,497	-27,049	-49,601	-72,153	-94,705	-117,257	-184,913	-241,293
Net Cum. Cost to Society	17,425	94,150	134,757	152,842	148,345	121,296	71,695	-458	-95,163	-212,420	-1,024,225	-2,117,930
Person Years	11	22	51	87	130	180	237	301	372	450	945	1,615
Average Net Cost per Individual	1,584	4,280	2,642	1,757	1,141	674	303	-1.52	-256	-472	-1,084	-1,311
SHELTERED WORKSHOP												
Net Yearly Cost to Society	50,276	55,469	105,579	125,690	145,800	165,910	186,020	206,131	226,241	246,351	346,903	447,455
Net Cumulative Cost to Society*	50,276	135,745	241,324	367,014	512,814	678,724	864,744	1,070,875	1,297,116	1,543,467	3,076,879	5,113,048

*Does not include costs for those terminated.

Senator **Weicker**. That says it all. And so the committee will now stand in recess. Thank you very much.

[Whereupon, at 2:22 p.m., the subcommittee adjourned.]

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